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NEWS SUMMARY

GENERAL

Cut in strike benefits likely

A Government proposal to deduct £12 from benefits awarded to strikers' families is expected to be announced in next week's Budget. The figure is the amount Ministers deem strikers receive from their unions as strike pay.

The move is aimed at fulfilling a Conservative election manifesto pledge and will delight Tory backbenchers.

In the Commons, Mrs. Thatcher also hinted that the *Government would also* not increase unemployment or child benefits. **Parliament, Page 14**

Nine die in blaze

Nine people died *when a fire* swept through a Roman Catholic charity hostel run by nuns for the *homeless. Investigators* believe the building in Kilburn, North London, might have been *overcrowded by local authority* standards.

Schild appeal

Daphne Schild made a tearful radio appeal in Sardinia for the release of her teenage daughter Annabelle, still held by kidnappers. She thanked the Pope for his personal intervention.

Jockey walks free

Peter Godfrey, a former Newmarket jockey who killed his two children after being upset by the rise in interest rates and by the treachery of Anthony Blunt, was put on three years probation on condition he undergo pyschiatric treatment.

Games boycott

Twelve-nation conference in Geneva failed to reach a firm decision to go ahead with a world sports festival for athletes who boycott the Moscow Olympics because of uncertainty about who would take part. **Page 2; Parliament, Page 14**

Rhodesians strike

Several hundred Rhodesian workers have staged strikes because of rumours that workers' pensions are to be "nationalised" by Robert Mugabe's new government. Civil servants may quit, **Page 4**

Judge shot dead

Italy's Red Brigade *guerrillas* shot dead supreme court judge Girolano Minervini, 60, in a *crowded Rome bus.*

Madrid blast

Bomb packed with nuts and bolts exploded in Central Madrid, killing a military policeman but missing an army general and his aide. **Page 3**

Iran accused

U.S. lawyers told the World *Court in the Hague* that Iran was "striking at the jugular" of international diplomacy by *holding hostages in the* occupied American embassy in Tehran for more than four months.

Flood victims

An 80 year old woman swam to safety after her car was *swept off* a flooded bridge into a Suffolk river but the driver, her 68 year old brother, drowned. In *Surrey,* two bodies were recovered from a car in the rain-swollen River Thames.

Briefly . . .

Woman who tried to give her driving examiner a £60 Christmas present before her test was fined £50 by Bromley magistrates.

President Tito slipped further with the development of massive bleeding in his stomach, said doctors.

East German border guards seized a man who tried to smuggle a woman to West Berlin in the boot of his car.

BUSINESS

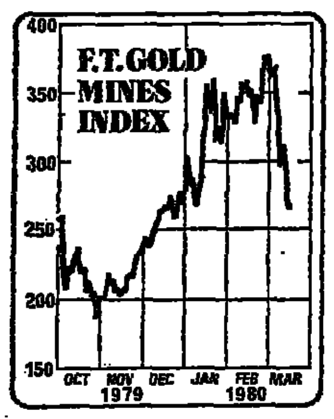
Sterling and dollar firm

● **STERLING** was firm, reaching a peak of $2.2025, but eased on U.S. prime rate news to close at $2.1940—a rise of 90 points. Its trade-weighted index was 72.4 (72.2).

● **DOLLAR** was helped by the U.S. prime rate rises. It rose to DM 1.8765 (DM 1.8745), but its trade-weighted index fell to 89.2 (89.4).

● **GOLD** closed $2 up in London at $481 after touching a high of $492.5.

● ***EQUITIES*** *suffered* from Wall Street reaction to the U.S. anti-inflation package, and the



F.T. 30-share index lost 1.5 to close at 431.7. GOLDS were steadier, but the Gold Mines index fell 5.8 to 265.5.

● **GILTS** regained early losses with shorts and longs up to ¼ harder, and the Government Securities index put on 0.01 to 64.16.

● **WALL STREET** was up 2.65 at 791.30 before the close.

● **AMSTERDAM** Stock Exchange is to extend trading *hours for many stocks* and raise commissions on small transactions on April 1. **Page 24**

● **DELAYS** to Sealink ships at Harland and Wolff, the Belfast shipyard, are expected to cost British Rail millions of pounds in lost revenue from ferry *operations* this summer. **Page 12**

● **MARUBENI,** the Japanese trading house, has drawn up plans to save the Meriden workers' co-operative by producing Suzuki motorcycles there. **Back Page**

● **TOSHIBA** of Japan plans to begin production of semiconductors in the U.S. by the end of the year. **Page 25**

● **OECD** officials will meet next weekend at *Versailles to study* the implications of rising oil prices and energy shortages for economic policy making. **Page 3**

● **NUCLEAR** generating capacity *in the UK should* be built up in an orderly fashion and not in a series of "stop go" *policies, Cenetral* Electricity Generating Board deputy chairman Fred Bonner said. **Page 8**

● **STRIKES** and demonstrations throughout the Netherlands are *planned tomorrow* by the 1.1m members of the country's largest trade union federation *in protest at Government wage* controls. **Page 3**

COMPANIES

● **BROOKE BOND** Liebig raised first-half pre-tax profits from £17.98m to £24.21m after a sharp increase in UK trading profits. **Page 2 and Lex, Back Page**

● **SMITH AND NEPHEW** Associated Companies, *the* medical supplies and toiletries group, ended last year with pre-tax profits £970,000 higher at £22.15m. **Page 21 and Lex, Back Page**

● **WARING** and Gillow was disclosed as the mystery bidder for Maple and Co. (Holdings). It came into the open with a *formal* £8.6m bid for the furniture retailer. **Page 22**

CABINET SET FOR ARGUMENT OVER BUDGET

Thatcher threat to withhold EEC tax

BY RICHARD EVANS IN LONDON AND JOHN WYLES IN BRUSSELS

MRS MARGARET THATCHER yesterday gave the clearest warning so far that the British Government might be forced to withhold part of its value-added tax payment to the Common Market should the next Brussels summit fail to produce satisfactory results on the UK's budget contributions.

Her comments, in answer to MP's questions, surprised some Ministers who have said not only would withholding VAT be against Britain's treaty obligations, but it could strengthen the case for eventual British withdrawal.

They would much prefer the less dramatic tactic of across-*the-board obstruction to all pro*gres in the Community until an acceptable solution is found.

So should the acrimonious quarrel over Britain's £1.2bn net budget deficit not be solved at *the Brussels summit* on March 31 and April 1, the scene is set for an argument in Cabinet over how Britain should increase its pressure on the Community.

Significant support for Mrs. Thatcher came last night from more than 100 Conservative backbenchers. They signed a Commons motion backing the Government should it "as a last resort find it necessary to withhold part of the UK's contribution in order to achieve a satisfactory settlement."

The consequences of failure were underlined yesterday by Lord Carrington, Foreign Sec*retary, in Brussels. He emerged* from a meeting of EEC Foreign Ministers to warn that the result *of an unsatisfactory* solution at the summit would be "grave."

During the meeting he stressed the need to find a solution at the end of the month and warned that a settlement could be more difficult to obtain later on.

The attitude of Mrs. Thatcher and Lord Carrington was taken in London as confirmation that Mr. Roy Jenkins, president of the European Commission, did not bring a satisfactory formula with him when he visited Mrs. Thatcher on Monday for talks ahead of the summit.

The Prime Minister's Commons warning was given after shew as questioned by a Tory backbencher on the possibility of withholding contributions. "If we do not get an equitable solution we shall have to consider withholding part of our contributions . . . but I hope it will not come to that."

She rejected a claim that the *Government faced only two* options—to pay the contributions or to get out of the Com*mon market. It was not only* a matter of contributions but of receipts, and the Government *was doing all it could to get* a fairer distribution of Community receipts.

In reference to British tactics made in her BBC Panorama interview last month Mrs. Thatcher said the Government could consider withholding payments but she would be "very loth to do so because it means going against Community law."

But she was also reluctant to adopt obstructive tactics because this would rapidly "tear the Community apart."

In Brussels, the Foreign *Secretary, said the crucial thing* to be decided by heads of government was the amount by *which the UK's expected £1.2bn* net contribution to the EEC budget this year would be *reduced.*

Almost as important was the length of any settlement, which must *ensure that the dispute* did not return and thus cause the same sort of divisiveness which had gripped the Community for the past year.

But Lord Carrington went out of his way to counter suggestions which have been made by France and which reflect broader concerns among other member states that the UK is bent on destroying the Common Agricultural Policy, from which it draws only 5 per cent of spending despite a 20 per cent contribution to the EEC Budget.

Parliament Page 14 ● Howe confirms EMS doubts Page 12

Post Office productivity deal rejected in union revolt

BY NICK GARNETT, LABOUR STAFF

THE NATIONAL staffing and *productivity deal the Post Office* had agreed with union negotiators as a vital base from which *to improve postal performance,* was in ruins last night.

A special delegate conference *in Bournemouth of the Union of* Post Office Workers accepted the broadening of recruitment for *16 to 18-year-olds through a new* postal cadet force but rejected the other four productivity *elements.*

The use of casual labour this summer was thrown out, together with more flexible promotion procedures to reduce staff shortages among sorters, new guidelines on duty rostas and greater use of postmen for supervisory duties.

The Post Office and union negotiators are now left to see if there is anything worth salvaging from the wreckage. The union appears to have forfeited, at least for the moment, a two-hour reduction in the working week next year, which was part o fthe price the management was prepared to pay to reach agreement.

Rejection of these key staffing elements, in defiance of please from the union's executive, will make more difficult the Post Office's task of resisting attempts to remove the national postal *monopoly which is now under* review by the Department of Industry.

It will also make this year's pay negotiations for postal staff more painful by hindering traffic-handling improvements. Management has budgeted for a rise of little more than half the 20 per cent claim submitte by the union.

Rejection of the use of casual labour between June and September opens up the prospect of mail backlogs similar to those which plagued the Post Office for part of last summer.

A clause allowing the union to begin negotiations with the management in October on similar casual staffing arrangements for next year were also turned down.

The rejections represent a second severe defeat for the executive in recent months. Earlier this year another special delegates' conference refused to agree to the implementation of immediate structural changes in the union to cope with the planned division of the Post Office into separate posts and telecommunications corporations.

The executive was clearly despondent yesterday at the outcome of the two-day conference.

Mr. Tom Jackson, the union's general secretary, was so upset that he excluded the Press and *visitors from his final speech,* in which he virtually "dressed-members.

He had *faith in the delegates'* ability to make correct decisions when the industry was in a difficult position, he told them, but this time they had absolutely failed to do that.

Pleas from the executive that the industry's monopoly was under attack, that they had to show the public they could provide a better service, and that management must be provided with more financial elbow room to cope with the annual pay claim, fell on deaf ears.

Some executive members *said the rejection resulted* from suspicion about the Post Office's intentions. It was con*sistently argued from the floor* that the proposals would dilute standards and help to keep basic wages down, which the union sees as a principal reason for staff shortages and other difficulties.

The conference represented yet another failure to agree national productivity changes, although there is a separate *efficiency scheme on trial in* London. The Post Office hopes to extend this to other areas.

The five proposed staffing changes were linked to a two-hour reduction in the 43-hour *working week next year,* together with £3.82 a week extra for higher grade postmen and a new evening allowance worth £5 to £6 a week.

The evening allowance was also rejected by the conference, which sought instead a higher night duty allowance which would be much more expensive.

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£ in New York

—	Mar. 17	Previous
Spot	$2.1930-1945	$2.2085-2095
1 mnth	0.31-0.36prem	0.35-0.45 prem
3 mths	0.81-0.86prem	0.50-0.60 prem
12 mths	0.90-1.05prem	0.60-0.75 prem

Shell in $680m U.S. coal deal

BY IAN HARGREAVES IN NEW YORK

THE ROYAL Dutch Shell group is to pay $680m (£311m) for a 50 per cent stake in A. T. Massey, the tenth largest U.S. coal producer and a subsidiary of St. Joe Minerals Corporation.

Under the terms of the deal announced in New York yesterday, the oil group's Scallop Coal Corporation—a vehicle formed three years ago to develop Shell's U.S. coal interests—will pay the sum over five years to St. Joe, which is New York based with interests in precious metals mining, oil and other minerals. *In return, St. Joe will turn* over its entire coal assets, which are owned and operated by *A. T. Massey.*

These assets consist of about 1bn tons of coal, mainly in the Appalachian states. The company last year produced about 8m tons of which 70 per cent was steam coal for power generation and the rest coal for metallurgical purposes.

Together, the two companies aim to almost double Massey's coal output in the next ten years. Special attention will be given to developing coal exports, building on Massey's current position as the number two coal exporter in the U.S.

Before the joint venture is formed, St. Joe will take from the transaction $220m in cash, which it will use to strengthen its balance sheet and develop its other interests.

The company's level of debt has risen steeply in the last two years, under pressure from poor earnings in its coal business. Last year St. Joe earned $77m on sales of $1.1bn. More than half its sales were from coal but only 20 per cent of its income came from that source.

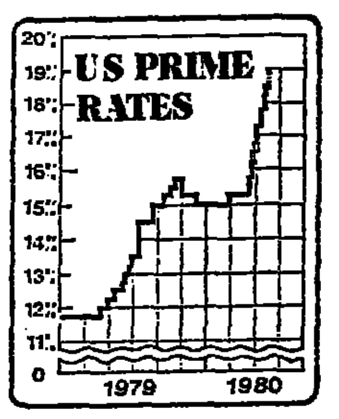
Ray Dafter, Energy Editor, writes: The Shell deal follows the trend of oil-based energy groups building up their coal interests. Mr. Dirk de Bryne, president of Royal Dutch Petroleum and chaimran of the Shell group's committee of managing directors, said this *week that it was the company's* intention to gain a stake of about 10 per cent of the inter*national coal trade.*

In 1978 Shell handled 2m tonnes as against a coal trade—the amount exported and imported—of 199m tonnes. This

Continued on Back Page

Chase puts prime rate up to 19%

BY STEWART FLEMING IN NEW YORK



CHASE MANHATTAN BANK of New York responded to President Jimmy Carter's anti-inflation package yesterday by raising its prime lending rate from 18¾ to a record 19 per cent as *commercial bankers* grappled with the implications of the Federal Reserve Board's new credit restraint programme.

The move, which is likely to spread through the U.S. banking industry, came as reports began to leak out of a meeting between Mr. Paul Volcker, chairman ofthe Federal Reserve Board and some 65 bankers he had *summoned* to Washington yesterday.

Some bankers who attended that meeting privately conceded they were shaken by the grim picture of the U.S. financial markets which Mr Volcker, flanked by his fellow governors, delivered.

This was taking into account their expectations that Mr. Volcker was bound to stress the Fed's determination to follow through on its package.

One area of concern is that banks have entered into legal commitments with customers for future loans which could contravene the Fed's new credit restraint guidelines. The Fed *governor apparently had no* ready advice to offer on the matter.

Mr. Volcker is said to have told the bankers that they should urge customers to *borrow in the long-term bond* markets rather than accommodate companies.

The rise in interest rates in the economy and the new pressure on the banks to *restrain* credit are clearly posing difficult problems for the banks citicorp, the second largest U.S. bank, disclosed yesterday that its profits in the first quarter of 1980 are expected to be "down significantly from $25m (£56m) earned in the same period o f1979. Other banks conceded privately that the rise in their own cost of funds in the past ten weeks has squeezed their profits.

Citibank and other big banks with significant consumer lending operations are facing additional problems. Usury ceilings in some states mean they are condemned to losing money on some consumer loans

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***Japan lifts discount rate to* nine per cent, Back Page**

VW in China talks

BY JONATHAN CARR IN BONN

VOLKSWAGEN is having talks with China about building a car assembly plant there. If *successful, cars from* VW's lower- to medium-price range, including the Golf, would be *assembled.*

The project is likely to be discussed soon at VW headquarters in Wolfsburg with a Chinese delegation touring West Germany. It is headed by Rao Bin, deputy head of the Engineering Ministry in Peking.

VW warned against expecting quick results. The talks *began several months ago, but* were still at an early stage and there were other international competitors.

There is marked restraint throughout West German industry about the prospects for business with China—a reaction to the optimism in some quarters a couple of years ago.

But Chinese interest in co-*operation* with the West Germans on vehicle production was stressed when Herr Volker *Hauff, the Technology Minister,* visited Peking last November.

Daimler-Benz has been having *talks with the Chinese These* discussions, including the modernisation of lorry produc*tion, are likely to be continued* in the next day or two.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Treas. Variable 82	£95¼	+ 13/16	Simon Eng.	228	− 8
Treas. Variable 83	£92¾	+ 1 1/16	Sothebys	425	− 23
Automotive Prdts.	63	+ 6	Sound Diffusion	59	− 5
Fisher (J.)	321	+ 9	Stothert and Pitt	92	− 14
Maple	30½	+ 3	Tomatin	185	− 8
Guthrie	790	+ 13	Union Discount	362	− 13
Leichardt Explor.	265	+ 50	Unitech	260	− 13
FALLS			Waring and Gillow	109	− 9
			Watmoughs	126	− 17
BTR	320	− 9	Carless Capel	79	− 4
Cawoods	150	− 10	Gas and Oil Acreage	330	− 45
Channel Tunnel	200	− 20	Siebens (UK)	470	− 55
Intnl. Thomson	390	− 40	Beralt Tin	50	− 7
Intnl. Timber	111	− 5	East Rand Prop.	912	− 88
Lee Cooper	275	− 10	Geevor Tin	200	− 15
Lister	56	− 6	Hartebeest	£21½	− 1
Lonrho	86	− 4	Messina	164	− 18
ML Hldgs.	230	− 15	Minorco	260	− 30
Magnet Southerns	163	− 7	Rustenburg Plat.	188	− 9
SGB	250	− 13	Western Hldgs.	£23¼	− 2

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Olympic Games boycott battle begins in earnest

BY CHRIS SHERWELL

A SLOGAN on a pole-vaulter's T-shirt at a Press conference in West Germany earlier this month elegantly captured the intense frustration of athletes stung by the international furore over the Olympics. "Russians, take your hands off Afghanistan," it raged. "We want to come to Moscow."

But since the Soviet Union's armed intervention in Afghanistan last December, Moscow has looked less and less likely to withdraw its estimated 85,000 troops. This week the battle of the boycott is being waged in earnest.

Yesterday the U.S., Britain and Australia — the three countries in the forefront of the campaign not to go to Moscow—ended a two-day meeting with other countries in Geneva in an attempt to promote an alternative sports festival.

The meeting attracted an unusual collection of only 12 states. South Africa, long an Olympic pariah, was among them; so too were such small countries as Costa Rica and the Dominican Republic.

Tomorrow, Sports Ministers of countries in the Council of Europe meet for two days in Strasbourg to discuss the Olympics. It is now clear that the success of any boycott hinges on the *decision of West European* countries — particularly West Germany, which has an excellent chance of scooping up several medals in Moscow and a vested interest in good relations with the Eastern bloc.

If Bonn decides to support a *boycott, it is thought that Rome* and Paris might well follow suit, virtually ensuring the failure of the Moscow Games as a test of sporting achievement. This would throw in doubt the whole future of the Olympic movement.

But the matter does not simply rest with the Governments concerned. A further meeting, this Saturday, of West European national Olympic Associations could be crucial.

In countries where the institutional division between sport and politics is less clear-cut and there is an overlap between sports ministries and Olympic committees, the question of going to Moscow is being settled relatively quietly. This is even more emphatically the case where Olympic teams are financially dependent on their Governments.

Countries such as Saudi Arabia, Djibouti and Zaire quickly announced that they *would not be attending.* So, later, did Kenya, an important decision for those favouring a boycott because of the country's strength in long-distance running.

But few individual countries outside the Eastern bloc are firmly committed to attending the Games. Among them are Sweden, which claims to see little difference between the Soviet invasion of Afghanistan and the actions of the U.S. in South-East Asia over many years, and Kuwait, which says simply that a boycott will contribute nothing to a Soviet military withdrawal.

The supreme council for sport in Africa has said that black African countries will attend the Games, while the conference of 36 Islamic states held in Islamabad in January signed a resolution supporting a boycott. This, however, has to be ratified by each country.

Between the two extremes lie countries which must await the decisions of their Olympic committees even though their Governments have come out in favour of a boycott. Other countries clearly prefer to watch how the arguments develop and wait until a decision is forced on them by the Olympic timetable itself. Final entries only need to be submitted by May 19.

These categories embrace Britain, the U.S., Canada, the Netherlands, Australia and others taking the harder line. They also include West Germany, France, Japan, China, Italy and Israel, taking a relatively soft line. But it is in these countries that the Olympic issue is being posed most starkly and public opinion remains divided.

Both in Britain, where the House of Commons this week backed the Government's tough stand and in the U.S. the Government's stand to suffer greatly if, in the end, public pressure forces a team to go to Moscow without Soviet troops first having been withdrawn from Afghanistan.

At the moment, this seems unlikely. But if at the same time West Germany and France go to the Games, the damage to the West's credibility could also be severe. The issue has become something of a litmus test for the solidarity of several alliances.

The commercial side of the Games is also at stake, with many well-known companies heavily committed to sponsorship and equipment deals.

For the Soviet Union the cost of cancellation or transfer of *the Games has been estimated* in hundreds of millions of dollars. Some of this would be in lost royalties on items such as stamps, coins and medals. But the vast bulk would be in lost tourist earnings from hotels, food and air tickets, and of course, in losses *on the sporting events*

The idea of an alternative festival emerged after the U.S. failure to win postponement, cancellation or transfer of the Games when the international Olympic Committee met at Lake Placid during the winter games last month. But this possibility, like the others, hinges critically on the sanction of the international sports federations which must approve such events.

It was these federations, as much as the International Olympic Committee, which set their face against a change of date or of venue for the Games, and so provoked the idea of an alternative. The International Amateur Athletic Federation has also rejected the idea of a meeting that coincides with the Games, but has yet to make its views known about an event some other time. Other federations may yet take a *different* view.

The athletes themselves feel victimised. They argue that governments should give a stronger lead on the issue, by withdrawing ambassadors from Moscow, imposing tougher sanctions and if necessary severing *trade links.*

> The U.S. and British Governments stand to suffer greatly if public pressure forces a team to go to Moscow without a Soviet withdrawal from Afghanistan. If France and West Germany go to the Games, the damage to the West's credibility could also be severe.

Carter stand blamed on re-election bid

BY OUR FOREIGN STAFF

THE SOVIET UNION said yesterday that the Olympic Games would go ahead as planned in Moscow, despite President Carter's call for a boycott. An editorial in the Communist party newspaper Pravda said Washington's attitude to international sport was "just a caricature." The Administration was prompted solely by the President's bid for re-election, it said.

Moscow's closest ally, East Germany, yesterday threatened retaliation against West Germans if the latter's Olympic Committee boycotts the Games.

East Germany's Olympic Committee is quoted by the government news agency as saying that it would have "negative consequences" for "*relations between the athletes of both German states.*"

After the signing of the 1972 Basic Relations Treaty between Bonn and East Berlin, an annual list of athletic events was drawn up between teams from East and West Germany. This was seen as *a concession by East* Germany which was not anxious to have its athletes find a common denominator with West German sportsmen.

Although "friendship" matches are played, individual contact between the athletes is held to a minimum.

The Soviet Union, meanwhile, has threatened "serious consequences" for West Berlin if the three Western powers in the city do not prevent incidents such as the recent bomb explosion inside the Soviet consulate located in the American sector.

The official news service Novosti said the "failure" by the U.S., Britain and France to live up to their obligations are a "violation of the four-power agreement."

A high-level meeting in Bonn between West Germany and India has resulted in a joint call for a neutral and non-aligned Afghanistan.

The call came after talks between Herr Hans-Dietrich Genscher, the West German Foreign Minister, and Mr P. V. Narashima Rao, his India *counterpart.*

How Karamanlis 'the saviour of the nation' has disappointed the Greeks

BY N. J. MICHAELSON IN ATHENS

LISTENING to a cafe conversation in central Greece is, as always, a good political weathervane. One gets the impression that the desire for change is growing stronger.

Farmers, who have always *followed a conservative line,* now openly question the Government's policies and lend a ready ear to opposition claims that entry into the European Economic Community will not yield the benefits promised by the ruling New Democracy party of Mr. Constantine Karamanlis.

In Athens, the *centre of* Greece's ever-simmering political cauldron, taxi drivers express themselves forcefully in favour of "dumping Karamanlis" and giving Mr. Andreas Papandreou, leader of the Panhellenic Socialist Movement (Pasok), a chance to prove his *mettle.*

The reasons for the New Democracy party's declining fortunes are many. Chief of these is the normal wear and tear of long-held office and the repercussions in Greece of world recession and the energy crisis.

Also to blame is the rather disappointing performance of Mr. Karamanlis's Administration in the five years since the fall of the seven-year military dictatorship, despite the excellent prospects open to it with the restoration of a democratic regime and the general willingness to support a man considered to be "the saviour of the nation."

Ill-defined economic policies *and spasmodic measures* have failed to curb inflation, which last year rose to 24.5 per cent, and have resulted in strikes in almost all sectors.

The business community has grown tired of the Government's stop-and-go tactics, and even shipowners and *industrialists have been heard to say* that a change might shake the conservatives out of their complacency.

Other examples of presumed bad judgment on the part of Mr. Karamanlis's Government include the hasty decision in August 1974 to withdraw from *the North Atlantic Treaty* Organisation's integrated military structure as a protest against the alliance's inability to curb Turkish action against Cyprus and prevent the threat of war between two Alliance members.

This has placed Greece at the *mercy of the Turkish veto* within the alliance, to which Greece is seeking to return under a special status. As a result of Greek-Turkish arms race in the Aegean, Greece is

Mr. Karamanlis: losing his support.

now spending about 25 per cent *of the annual state budget on* defence.

These developments are believed to be causing Mr. Karamanlis to have second thoughts about relinquishing the leadership of his New Democracy party and stepping up to the presidency when the *present five-year term of Presi*dent Constantine Tsatsos ends in May.

The crucial question being asked today is whether he will risk an early general election this year, before his opponents gain more ground, to ensure another four years in power for his party, or hold on until November 1981, when the next general elections are due.

Observers agree that Mr. Karamanlis faces a serious problem of succession to the leadership of the New Democracy. Since Greek parties are chiefly based on personalities, the New Democracy, deprived of its charismatic leader, would be in danger of losing its cohesion.

Presidential elections should take place by May 10. To be elected by the 300-member Parliament, a candidate needs a two-thirds majority. If this is not obtained, the ballot will be repeated after five days. Should a second ballot fail, it is repeated after five more days, *when a candidate must obtain a* three-fifths (180 votes) majority. Should the third ballot fail, Parliament will be dissolved within 10 days and Parliamentary elections called.

Mr. Papandreou has already said his party, which commands 93 seats, will abstain if *Mr. Karamanlis runs.* He *has* said the house no longer correctly represents the will of the people. He is thus trying to force an election now that his party is riding a crest of popularity. Whether he succeeds depends on the Communists (who have 11 seats) and the ultra right-wing National Front (which has four seats). The New Democracy commands 174 seats, and relies on the smaller parties, which together hold 11 seats and the seven independents.

The two likeliest candidates to succeed Mr. Karamanlis as Prime Minister—whether he assumes the Presidency, or later —are Mr. Evangelos Averoff-Tossitas, 70, the Defence Minister, and Mr. George Rallis, 62, the Foreign Minister.

They would face an unenviable task, of seeking support from a following disaffected by many decisions Mr. Karamanlis took after his return, at the invitation of the generals and politicians in 1974, when the junta collapsed after the invasion of Cyprus.

Among these were the legalisation of the Greek Communist Party, outlawed since the Civil War, which ended in 1949, his quest for a "multidimensional" foreign policy, with overtures to the Eastern bloc and China, *and economic and social policies* at home which have seemed—to the conservatives at least, if not to the Opposition—like socialism, and deterred capital investments.

Mr. Karamanlis's "multidimensional" foreign policy has included allowing the *Palestine Liberation Organisa*tion to open an office, visits to China, the Kremlin and Russia's satellites in Eastern Europe, as well as an agreement under which Soviet merchant vessels and unarmed naval auxiliaries can be serviced and repaired at a state-controlled shipyard in the Aegean Island of Syros.

The gloomiest forecasts are that, in a new election, neither the New Democracy (which won 42 per cent of the vote in 1977) nor the Panhellenic Socialist Movement of Mr. Andreas Papandreou (which doubled its strength to 25 per cent) will obtain a majority in Parliament.

Pasok is supported by the urban intelligentsia and many young idealists and, as became apparent at the last election, by a growing number of farmers and many of the small businessmen who form an essential part of the economy. The Communists still have a hold on factory workers and students, but have been thwarted from increasing their strength beyond 10 per cent, in part because of the rising standard of living and relative affluence in Greece in recent years, and part because they have only recently been legalised.

A recent opinion poll indicated that if elections were held now the New Democracy would obtain 35 per cent of the votes (down almost 7 per cent from 1977), Pasok would be nearer 30 per cent (up about 5 per cent) and the Communists would win a surprising 14 per cent.

The ultra right-wing National Front would stay at about 7 per cent.

The New Democracy thus may have to co-operate with the extreme right or with Mr. John Pesmazoglu's small party of Democratic Socialism, while Pasok's allies would presumably come from the Moscow-oriented Greek Communists which, emulating the Italian formula, could conceivably support Pasok in Parliament without participating in government.

These two parties want Greece to cut its political, economic and military ties with the West. Whether the army would be prepared to accept is a moot point. It has shown some signs of learning the lessons of the junta, and realising that it went too far. But the longer the uncertainty over Greece's return to the Atlantic alliance, the more it plays into the hands of Mr. Papandreou and his calls for more independent foreign policy.

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Accept the rules or quit the game, Chirac tells UK

BY DAVID WHITE IN PARIS

FRANCE AND West Germany should tell Britain to get out of the Common Market if it did not "accept the rules of the game," M. Jacques Chirac, the Gaullist leader, said in a television interview.

M. Chirac, the former Prime Minister whose RPR party is the biggest group in France's Parliamentary majority, said President Giscard d'Estaing and Chancellor Helmut Schmidt should have "the will and the character" to lay down the law to Britain. But he was not sure they had.

The UK was threatening the Common Agriculutral Policy, he went on. It should be told that if it refused to pay "the admission fee" to the European "club," it ought to leave. But this could only be done in the context of a "deep agreement" between Paris and Bonn.

The issue gave M. Chirac an opportunity again to distance himself from the Government and challenge the record of President Giscard, from whom he demanded more firmness.

The carefully-controlled tone of his statements underlined the change in M. Chirac's tactics in recent weeks, contrasting strongly with his previous emotive attacks.

M. Chirac carefully avoided disclosing anything about his own ambitions in next year's Presidential election.

He sought a "clearer" French policy on Afghanistan. France should reaffirm its defence policy and consider extra military spending and moves to strengthen its nuclear weapon capacity. This would not, he said, affect France's policies of détente and co-operation with all countries.

He doubted if foreign policy was under such firm guidance as in the time of President de Gaulle or President Pompidou. But he supported President Giscard's present policy on Palestine.

M. Chirac's biggest grudge, as before, was on the economy and the Government's response to unemployment and inflation. The country needed "absolutely different" economic and labour policies, and he felt "ill at ease" in the present Government majority.

His criticisms were aimed directly at President Giscard, who, he said, had taken over all decision-making from the Government.

● President Giscard d'Estaing yesterday received a sharp riposte from the French Communist party after urging a stop to personal attacks against political figures. This was in spite of the fact that his gesture was prompted by controversy involving M. Georges Marchais, the Communist leader.

An official statement, which said the President "disapproved" of attacking politicians on personal issues, was rejected by the Communist daily l'Humanite as "ambiguous" and "dangerous."

M. Marchais, accused of lying about his wartime past, has offered to submit himself to an inquiry, but has demanded that other political leaders do the same. He has also demanded a parallel inquiry into politicians' links with the deposed Central African dictator, ex-Emperor Bokassa.

M. Chirac: laying down the law.

Copenhagen runs short of oil

By Hilary Barnes in Copenhagen

PETROL AND heating oil supplies are running critically short in the Copenhagen area as the result of an unofficial strike and picketing by 135 warehousemen at the main Copenhagen oil depot.

Oil tanker drivers are refusing to cross picket lines, as a result of which filling stations in the area are running out of petrol. Hot water supplies have been cut off for thousands of people living in flats

The strikers are demanding higher wages, and argue that the multi-national oil companies can afford to pay in view of their large profits last year, but under Danish income regulations it is probably illegal for the companies to meet the demands.

Mr. Svend Auken, the Labour Minister, plans to see representatives of the managements and strikers, but he said he will not intervene in labour disputes.

Tankers deal

THE BRITISH Sugar Corporation has signed a contract worth more than £500,000 to operate a fleet of 15 20-ton tankers made by DAF, in Holland. The tankers will transport refined sugar from the BSC's factory at Peterborough, converted for refining at a cost of £14m.

Dutch unions call nationwide strike

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS' largest trade union federation has called for nationwide strikes and demonstrations tomorrow to protest against the Government's wage controls.

The 1.1m-member FNV federation plans 24-hour strikes throughout the industrial, building, public transport sectors and the harbours, as well as a demonstration which it hopes will attract up to 100,000 supporters in Amsterdam.

The day of action is intended to bring pressure on Parliament, which on Friday will debate the wage controls announced last week by Dr. Willem Albeda, the Social Affairs Minister. Parliamentary approval for the detailed controls is almost certain to be given since MPs have already agreed to the Government's request for general powers to regulate wages.

The Government wants to limit wage rises this year to a gross Fl 26 (£5.75) a month per employee, while companies will only be allowed to increase their tota wage bil by 0.75 per cent. Lower paid workers will be partly compensated by a cut of Fl 100 (£22) in income tax.

Higher wage rises will be allowed for cases of genuine promotion, for redistribution of jobs and for heavy and dirty work. The maximum holiday entitlement per worker has been set at 22 days this year, a level which has already been reached in many industries.

These proposals have met strong resistance from the FNV, which has been staging token strikes throughout industry over the past few weeks in support of demands for increases of up to 2 per cent for its members. The less militant CNV Federation, with 260,000 members, has also criticised the wage controls but has not called for strikes.

The main objection to the Government measures is that they do not allow for the automatic adjustment of wages to prices. The adjustment normally made in July would have increased wages by 2 to 3 per cent. In the longer term the unions fear total abolition of price compensation.

Mr. Wim Kok, chairman of the FNV, said his member unions would do all they could to exploit gaps in the wage legislation and threatened that unpaid wage increases would merely accumulate until after the ending of controls.

Despite the precise limits set down by the Government there is still room for negotiations over wages and a wide range of secondary benefits. The main employers' organisation, the VNO, which has also been critical of the Government's controls, has called for a speedy resumption of wage talks, to discuss easing shortages on the labour market and measures to improve productivity and job motivation.

Pertini seeks moderation on labour issues

BY PAUL BETTS IN ROME

ITALY'S PRESIDENT, Sig. Sandro Pertini, met union leaders last night on the eve of a parliamentary debate which is expected to lead to the resignation of Prime Minister Francesco Cossiga tonight or at the latest tomorrow. He is understood to have appealed for a more moderate union line on a number of labour issues in view of the impending Government crisis, which has taken place against the background of renewed political violence during the past 48 hours.

The killing of a magistrate in southern Italy on Monday was followed yesterday by the murder in a crowded Rome bus of another leading judge, Sig. Girolamo Minervini. Responsibility for yesterday's killing was claimed by the extreme left Red Brigades terrorists.

The renewed violence coincides with growing alarm over Italy's economic outlook. Inflation is still rising at an annual rate of more than 21 per cent, labour unrest is growing in many sectors, and the signs of a decline in export competitiveness are multiplying.

Last weekend, the Italian central bank tightened its control of the money supply. The Bank of Italy has now ruled that any bank which exceeds present lire lending ceilings must deposit with the central bank a non-interest yielding sum equivalent to the excess credits.

There is speculation that the monetary authorities will again increase the Bank of Italy's key discount rate, which now stands at 15 per cent.

In the face of renewed economic problems and political violence, President Pertini appears determined to resolve the government crisis as swiftly as possible. He is understood to be deeply concerned over the repercussions a protracted crisis could have on Italy's international commitments. Italy is at present chairing the European Council and is to host in Venice in June the next summit of industrialised nations.

As for Sig. Cossiga, he is expected to resign following the decision of the Socialists, who hold the balance of votes in Parliament, to withdraw their tacit support from the Government.

OECD talks on oil prices this weekend

BY ROBERT MAUTHNER IN PARIS

SENIOR OFFICIALS from the seven leading OECD member-countries will hold a special meeting in Versailles this weekend, to study the implications of rising oil prices and energy shortages for economic policy-making.

The meeting, convened by Mr. Emile Van Lennep, OECD Secretary-General, is intended to prepare some of the ground for the next Western economic summit, due to be held in Venice in June. Participants will include Mr. Charles Schultze, chairman of President Jimmy Carter's Council of Economic Advisers, and Mr. Niels Ersboell and Dr. Ulf Lantzke, respectively chairman and executive director of the International Energy Agency (IEA). The British representatives will be led by Sir Douglas Wass, Permanent Secretary, Treasury.

Discussions will follow up the so-called Schreiner Report, named after its Norwegian author, who was asked after last summer's OECD ministerial meeting to head a committee to study the macro-economic policy implications of the present oil crisis.

The report, never published, is understood to contain several scenarios for growth, inflation and employment up to 1985, based on different oil supply price assumptions.

One of its main conclusions is said to be that the high cost of oil, because of its adverse effect on inflation-rates, constitutes one of the most serious constraints on economi growth. Much greater attention must therefore be paid to energy problems in formulating economic policies.

No decisions will be taken by the meeting, which has been described as a "brainstorming" session, enabling some of the OECD countries' top economic and energy officials to exchange views.

Suarez gambles on Catalan election

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government is desperately hoping to boost its image in tomorrow's first election of a Catalan Parliament since the Civil War.

Sr. Adolfo Suarez, the Prime Minister, has taken the unusual step of allotting five days to campaign in. He is staking his personal prestige on the outcome, and plainly hopes to overcome the effects of the Government's disastrous showing in the referendum on Andalusian autonomy and in the recent Basque parliamentary elections.

Despite Sr. Suarez' campaigning, the polls suggest that his ruling Union de Centro Democratico (UCD) will not fare well. Indeed, the main effect of his presence is expected to be the syphoning off of some votes from his natural ally, the Catalan centrist party of Sr. Jordi Pujol.

The political complexion in Catalonia is substantially different from that of the Basque country. Apart from the absence of a military separatist grouping, the principal national parties of the left—the Communists and the Socialists—both have a powerful presence through their local affiliate parties.

The Catalan Socialist Party (PSC) is expected to win more of the 135 seats in the new Parliament than any other party. The latest poll has given the Socialists over 25 per cent of the vote. The Catalan Communist party (PSUC) is expected to poll around 20 per cent of the vote.

Sr. Pujol's party is running about even in the polls with the Communists. The UCD of Sr. Suarez is being given around 10 per cent and the left-wing Catalan Republican party, Ezquerra Republicana, about 7 per cent.

The main interest centres on the type of government that will be formed. The Socialists will be under strong pressure from the Communists to come to an arrangement as they already have a pact in running the Barcelona municipality. The Socialists, however, would prefer to link up, if they have to, with Sr. Pujol.

An alternative is the Communist suggestion for a sort of "historic compromise" on the Italian model—a government of all the main political forces. The Communist leadership wants the Catalan Parliament to be a testing ground for this idea, serving as an example both to Spain and Italy.

It is questionable how far Sr. Suarez' campaigning has salvaged his image. Many of his colleagues have been surprised at the degree to which he has admitted past mistakes. On several occasions he has owned up that the Government has underestimated sentiment in its regional policy and needs to generate a new sense of confidence.

By going out on the stump he has exposed himself if the UCD fails to make a respectable showing. His main ally in Catalonia has proved to be Sr. Josep Tarradellas, veteran head of the Catalan government, who has done his best to promote the Prime Minister.

The new Parliament's main task will be to negotiate the details of the Catalan autonomy statute, approved last October.

General escapes bomb

BY OUR MADRID CORRESPONDENT

A SPANISH general narrowly escaped assassination when a bomb exploded near his car in central Madrid yesterday. The blast killed the general's driver, and several passers-by received shrapnel injuries.

Gen. Fernando Esquivas was preparing to leave home for his office when the bomb, attached to a nearby motor-cycle, exploded. The blast damaged windows of shops and flats, and was heard in much of central Madrid.

This is the first attack on a member of the military in Madrid in more than nine months. Responsibility for the attack has not yet been claimed, but in the past such actions have usually been carried out by the military wing of ETA, the Basque Separatist organisation.

OVERSEAS NEWS

The secret Brothers and Syria's rising tide of violence

IT IS perhaps a measure of President Hafez al Assad's desperation in the face of mounting disorder in Syria that he should have accused the U.S. Central Intelligence Agency, Israel and the Lebanese Christians of conspiring with the "Moslem Brotherhood gang" that has been held responsible for the rising tide of violence over the past year.

The ability of an emasculated CIA to engineer any trouble there, must be doubted. The Israelis and Phalangists, the main Maronite Christian faction in the Lebanon, have a vested interest in fomenting instability in Syria and, together, have some capacity to work towards that end. But the three parties would make most unlikely allies of the Moslem Brotherhood.

Founded in 1926 by the "Supreme Guide" Hassan al Banna, an Egyptian, the Brotherhood is a fundamentalist movement believed to have branches in all Arab countries but with only loose links between them.

Like Ayatollah Khomeini and the mullahs of Qom, the *Jum'iyyat al Ikhwan al Muslimini*, or the Association of Moslem Brethren—to give its full name— seeks the establishment of an Islamic state where, in keeping with the faith's concept of the indivisibility of society, no distinction would exist between religious and secular affairs.

It is a secretive organisation made up of cells that has, to a greater or lesser extent, operated underground and been against the established order everywhere, military and civilian regimes alike.

Like the Shi'ite revolutionaries of Iran, the Moslem Brothers, who belong to the majority Sunni stream of Islam, are implacably opposed to "imperialism," either in its Western or Marxist forms.

Similarly, it is anti-Zionist and disdainful of Christianity. It is also dedicated to violent means to destroy society. In the early 1940s, the Moslem Brotherhood established a terrorist arm to operate against the Egyptian Monarchy and the British presence. It had links with some of Nasser's group of military conspirators, most notably Anwar Sadat, who was more than sympathetic to the movement.

In 1949, Banna was killed by King Farouk's agents. After the 1952 Egyptian revolution, the Moslem Brotherhood presented Nasser with a much more serious challenge than the Communist Party and he suppressed them with far more brutality.

In recent years, the brethren have been tolerated, to a varying degree in conservative and moderate Arab states. The régimes of Saudi Arabia, Egypt, Sudan, Jordan and Morocco have tended to regard their presence as a useful counter against Left-wing influences.

However, President Sadat's relations with the organisation have become strained almost to the point of out-right confrontation since its wholesale rejection of the Egyptian-Israeli peace treaty. The movement is generally regarded as the biggest threat to his régime.

The Saudi authorities have changed their attitude since the seizure of the Grand Mosque last November because the fanatics who undertook the operation share the basic philosophy *of the Moslem Brotherhood* and may, indeed, have had some direct connection with it.

Last year, there was friction between Syria and Jordan where the association's leader, Sheikh Kholifa, declared his support for the Syrian rebels. In Syria, the movement was responsible for a rising in the town of Hama against the Ba'athist régime that had taken power the previous year. It has been outlawed ever since.

Nasser's brutal crackdown, as well as the ban on their activity by the Ba'athist régimes of Iraq and Syria, led to a dispersion to the Gulf where the brethren found ready employment, not the least in education, and fertile ground for their views.

Saudi investigations, the writings of Juhayman al Otalbi, organiser of the Grand Mosque seizure, which were distributed in Kuwait, and the participation of at least four Kuwaitis in the operation, indicated the existence in that state of a group sharing the same fundamentalist views as

Since 1976 the Moslem Brotherhood has undoubtedly been the prime force attacking the regime of President Assad (right)
Committed to violence and Islamic purity.
it poses a threat to regimes from Egypt to Saudi Arabia. **Richard Johns** looks at its potential for disruption in the Arab world.

the society.

There has been persistent reports and rumours that the fraternity in Syria has received financial assistance from the Gulf.

Diplomats do not rule out the possibility that the fraternity might have received weapons from the Phalangists, or the para-military National Liberal Party led by Mr. Camille Chamoun — which in turn has received supplies from Israel.

But the arms market and the number of dealers operating in the Levant are such as to make them unnecessary even as intermediaries. As recently as March 5—when the two-day riots broke out in Aleppo and Hama—Mr. Ahmed Iskander, Syrian Minister of Information, spoke again of "close co-operation between the Israeli intelligence, the Phalangists, and the Moslem Brotherhood gang."

Only in an interview published on Monday Mr. Abdel Ra'ouf Kasm, Prime Minister, did acknowledge that others apart from the Moslem Brotherhood were responsible for the disturbances.

In response to the riots and continuing flare-ups elsewhere, the authorities were forced to deploy tanks manned by the Special Forces and other trusted units commanded by Rifaat al Assad, the President's brother.

For the régime, the gravity of the situation lies in the fact that open defiance now extends far beyond the ranks of the Moslem Brotherhood. Essentially an underground movement, its membership is believed small even if its potential to perpetuate disruptive violence is large because of its blind commitment to force.

Terrorist acts against the state and assassinations date back to Syria's decisive intervention that ended the civil war in the Lebanon in the autumn of 1976—an initiative deplored by the Brethren because, at the outset, it was undertaken partly to save Christians.

It is now just two years since the adoption of an anti-terrorist law, but only 12 months since the authorities explicitly charged the Moslem Brotherhood with an assassination.

Clearly, the régime has faced opposition from Left-wing elements such as Arab nationalists or those of the Nasserite variety and Communists.

More seriously, up to the reconciliation between Damascus and Baghdad in the autumn of 1978, Damascus was threatened by the supporters or agents of the Iraqi wing of the Ba'athist Party.

Criticism of Assad — whose name means "lion" in Arabic —came from many quarters, prompting the jibe "A Lion in Lebanon and a Rabbit on the Golan."

From 1976, it has undoubtedly been the Moslem Brotherhood that has been the prime force attacking Assad's regime. That much should be accepted as obvious from the assassination of Russian advisers and bomb attacks on Aeroflot offices.

In the thinking of the fraternity, the liberation of occupied Moslem territory, Palestinian as well as Syrian, could only be achieved through Islamic purity, and the objective only jeopardised through contact with the materialistic Marxist devil.

Just as significant has been the singling out of Alawite officers, secret servicemen and officials. Even before Assad became head of state, the dominance within the Syrian Ba'athist regime of Alawites, members of a clannish and unorthodox Shi'ite sub-sect, was fiercely resented by the Sunni majority, especially the orthodox extremists who regard *them as heretics.*

The Moslem Brotherhood has not claimed or acknowledged responsibility for terrorist acts in Syria. Recently, the Paris-based weekly Arab Report and Memo published an interview conducted in Aachen, West Germany, with Mr. Issa al Attar, described as leader of the Syrian fraternity who has been in exile for 15 years and who did not deny his leadership of the association.

Mr. Attar denounced "past and new imperialism" in the manner of Khomeini. He expressed himself in favour of overthrowing all régimes in the Islamic world except Iran's which had yet to prove itself, he said.

Somewhat ambivalently, he denied that the Moslem Brotherhood had carried out acts of terrorism in Syria. Dressed in Western style, Mr. Attar, described as being in his late 50s, would not draw a parallel between his own exile and Khomeini's in France, though he is attended by acolytes.

But he did claim support by "a great majority in the Islamic trend," not the least young revivalists. A fringe group, "Mohammed's Youth" is believed to have spearheaded the violence in Syria.

Whatever Mr. Attar's credentials, there can be no doubt that the Moslem Brotherhood has been the initiator of armed revolt in Syria and has become *the catalyst for open dissidence* going far beyond its membership.

Not only has the fraternity successfully exploited deep sectarian differences. It has also, like Khomeini, become a vehicle for what could be a general upheaval uniting variegated factions.

150 white civil servants resign

BY QUENTIN PEEL IN SALISBURY

SOME 150 white Rhodesian civil servants have handed in notice to resign at the end of April and civil servants' leaders claim that many more may quit if the British Government cannot give them assurances about future security and pensions.

So far the number of resignations is lower than expected from the 10,000 established public servants who control the Rhodesian administration. However, Government employees have until the end of the month to decide whether or not to take advantage of an incentive scheme for early retirement. The scheme was drawn up to persuade them to stay under the Government of Bishop Abel Muzorewa.

No figures are available for the level of resignations from the security forces, including the police, where the incentive *scheme makes early retirement* even more attractive than in the civilian administration.

The question of ensuring a reasonably stable administration during the transition to independence is understood to be one of the matters being discussed by the Governor, Lord Soames, during his current trip to London. But the British Government has refused to provide any guarantee of pensions for retiring Rhodesian Government employees.

The Rhodesian Public Services Association is pressing for the British Government to be a joint signatory with the future Government of Zimbabwe, of a public officers' agreement, which would increase the benefits for those planning early retirement and improve the security of those planning to stay.

The present incentive scheme provides for public servants, including teachers, to commute and remit overseas an increasing proportion of their pensions as they remain in service. The earliest date for retirement *under the scheme is April 30.*

Although there is therefore an advantage in remaining, there are doubts within the public service over whether the new Government will abide by the agreement and an increasing number of officers may decide to go at the first opportunity.

Of those who have already decided to quit, the largest number are teachers or customs officers, according to Mr. Barry Lennox, president of the Public Services Association. Generally the middle-grades of the service, in the age range 30 to 50, are likely to be most affected, particularly those with technical skills.

A number of agricultural extension officers have already announced their intention to leave, because they believe they can find more secure employment in the private sector.

British officials say that they are very much aware of the problem and that, with March 31 the last day for civil servants to notify their intention of leaving at the end of April, they appreciate that the problem is *coming to a head.* Although they are hoping to find some means of providing reassurance, short of guaranteeing pensions, "we have not yet made up our minds," a Government House official said.

Kampuchea conference urged

Thailand's Prime Minister, General Prem Tinsulanonda, yesterday called for an international conference to resolve the conflict in Kampuchea. Reuter reports from Bangkok. Gen. Prem was addressing the opening of a regional conference of the United Nations. He also called for a conference soon, at an appropriately high level, for the humanitarian relief of the Kampuchean people. He told the Economic and Social Commission for Asia and the Pacific that there would be no change in Thailand's foreign policy following the fall of the Government of General Kriangsak Chomanan last month.

Kuwait gas price up

of its propane gas exports by 8.7 per cent from $276 to $300 a ton effective from March 1 last, the Middle East Economic Survey said yesterday, Reuter reports from Bahrain. The price of butane gas remains unchanged at $332 a ton. Saudi Arabian gas prices stay unchanged at $275 a ton for propane and $330 a ton for butane.

New Indonesia zone

Indonesia will declare a 200-mile economic zone next week, the Government announced, Reuter reports from Jakarta. The new zone is expected to double Indonesia's fish catch, at present 1.84m tonnes a year. But the new boundaries are expected to overlap 200-mile zones already declared by Australia and Malaysia.

South Pacific confrontation, P.28

N. Yemen reassurance on moves to unity

BY JAMES BUXTON IN SANAA

UNITY BETWEEN the two Yemens would have to be on the basis of an Islamic system *of Government and would not* open the door to Communism in North Yemen, the North Yemeni Prime Minister said in an interview in Sanaa yesterday.

Unity with the Communist-run and Russian-dominated South Yemen would have to be approved by a referendum in both states, Mr. Abdul-Aziz Abdul-Ghani said, in what seemed to be a reassurance to the West. "I feel that the majority of the population in North Yemen is not Communist. No one will agree to what a minority of the population wants."

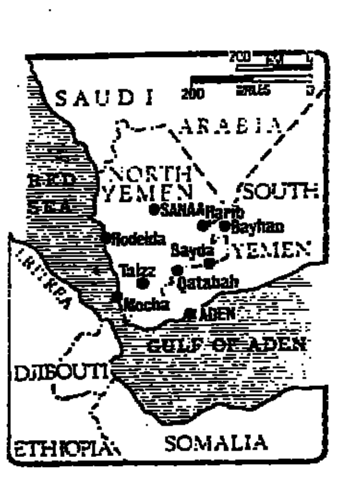
Since the border war between the two countries a year ago Western and many Arab countries have become increasingly *concerned at moves to agree on* a form of unity between the two states, fearing that it would lead to the Soviet union's gaining influence in what would be *the most populous state in* Arabia.

Anxiety mounted after Soviet arms began arriving in North Yemen in large quantities last November, not long after the delivery of U.S. military equipment.

Discussions on unity which ultimately date back to an agreement of 1972 are continuing, but North Yemen's relations with Saudi Arabia, which is especially worried about the prospect of unity, have recently improved. Saudi budget support for North Yemen, which was cut off last autumn, is starting to flow again. Many businessmen and most people in the Sanaa Government would be strongly *opposed to unity if it appeared* likely to lead to the establishment of a Marxist state.

The Prime Minister said that the Sanaa Government would *not give Cabinet posts to the* Aden-backed National Democratic Front, a predominantly Left-wing group opposed to President Ali Abdullah Saleh. But the Government intended to hold free elections in the near future and the NDF would be allowed to stand.

Mr. Abdul-Ghani said the reason for the Soviet arms deal was that the U.S. package, financed by Saudi Arabia, which included F5 aircraft and M60 tanks, was not enough for North Yemen's security needs. He pointed out that the Soviet Union had been virtually the sole military supplier to North Yemen since 1956 and that the new equipment, which includes MiG 21 aircraft and several *hundred T55 tanks, had led to* only a small increase in the



number of Russian military advisers in North Yemen.

"We will not bring any harm upon ourselves," he said. "The *numbers will not be a threat to* our security."

Panmunjom chosen for Korean leaders' talks

BY RON RICHARDSON IN PANMUNJOM

REPRESENTATIVES of South and North Korea agreed yesterday that the Prime Ministers of the two governments should hold their proposed meetings in Panmunjom village in the demilitarised zone which bisects the Korean peninsula.

Three officials from the South Korean Government, who have *been holding regular meetings* with their counterparts from the North in an attempt to set up the Heads of Government talks, accepted a compromise proposal made by the north that the initial meetings should be in Panmunjom rather than in the two capitals of Pyongyang and Seoul alternately. Previously the South had insisted the meetings should be in a third country and suggested Geneva.

The two sides also presented their suggested agendas. The Northern representatives said the Prime Ministers should discuss "expediting independent and peaceful unification of the fatherland through co-operation and unity in various fields."

The South countered with a three-item list which led up to the issue of reunification in a series of steps. No attempt was made to reconcile the two documents. The officials will meet again on April 1 to tackle that issue, which is seen as the only outstanding obstacle to the Prime Ministers' meeting.

Bright prospects for China's oil production

BY OUR FOREIGN STAFF

CHINA'S Petroleum Minister said yesterday that prospects for the development of China's oil reserves were very bright and vast areas were still unexplored.

Mr. Song Zhen-Ming was speaking at the opening of a meeting on petroleum geology, sponsored by the United Nations.

The Chinese had increased oil production from 120,000 tonnes a year when the Communists came to power in 1949 to 106m tonnes last year, the Minister said.

This was still inadequate for a country of 1bn and insufficient to satisfy the needs of modernisation. China must concentrate its efforts and intensive exploration to exploit new oil reserves.

The oil minister said China had to learn from the technical experience of other countries and had consulted several foreign oil corporations about possibilities of co-operation in exploration and technical services.

China has already signed agreements with French, American, Japanese, British and Italian firms for offshore oil surveys.

China's Chief Oil Ministry Geologist, Vice-Minister Min Yu, later told the meeting his country was now the ninth largest oil producer in the world.

Spectre of inflation haunts Nigerians

BY MARK WEBSTER

NIGERIA'S FIRST budget from a civilian Government *after 13 years of military rule* is expected to be mildly reflationary, and designed to stimulate agriculture and small industries. The budget, due on April 1, is also likely to disappoint the business community, which had wanted the Government to relax the tight controls on the economy.

Despite the economy's strong performance, President Shehu Shagari opposes such a relaxation. He wants to avoid returning Nigeria to the inflationary spiral of past years, and is thus likely to limit real increases in federal Government spending, while modifying existing controls on imports to relieve supply bottlenecks.

The President's problem will be to balance his desire not to overstimulate the economy with the business community's demands for much greater relaxation. He is in a good position to make some concessions, with Nigeria's oil income projected to reach at least $27bn for 1980. But according to businessmen and government officials in Lagos, his budget is likely to deal mostly with the following areas:

● **Wages.** The Government has said there will be no across-the-board public sector wage increases, and that it wants to keep private sector demands down, but such fringe benefits as car allowances are likely to be increased or restored.

...● **Pre-shipment inspection.** The Central Bank is fighting any move to abolish the scheme, whereby imports are inspected at the port of loading, to check quantity, quality and price. Instead some modifications are expected, such as raising the lower limit for exemption from *inspection. It is already* unofficially Naira 20,000 (£16,100).

● **Licensing.** The President has promised a review of the wide range of banned imports. Some will be taken off the list, while some others will be removed from the restricted import list.

● **Agriculture and housing.** Apart from increased Government spending on both, there are likely to be incentives to private enterprise. Banks are afraid the sectoral guidelines on their lending will be amended to force them to lend more.

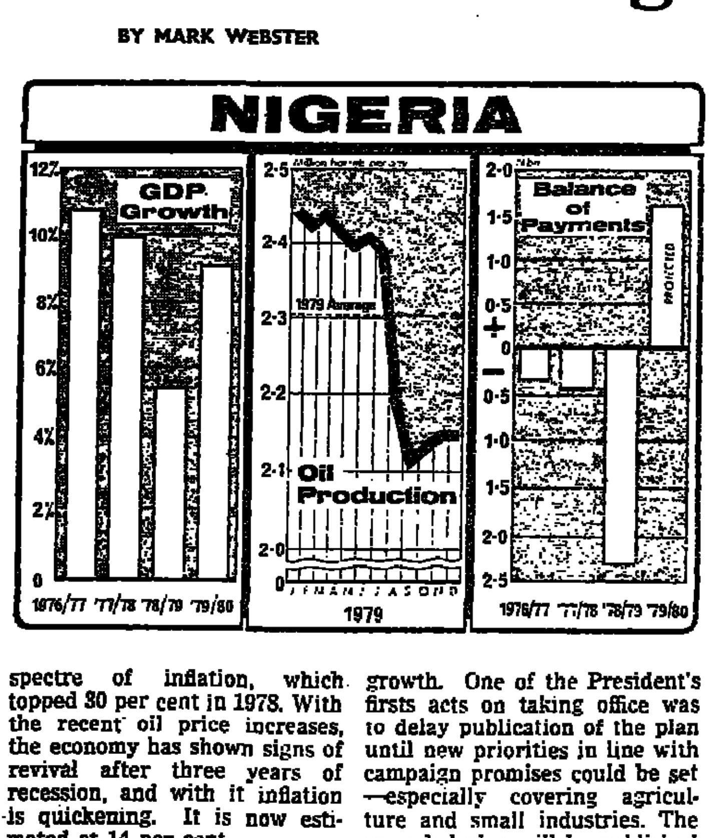
● **Nigerianisation.** There is no chance of major changes in the law, but, to encourage foreign capital, regulations governing such sectors as agriculture could be revised.

● **Remittances.** The Government believes the best way to encourage more foreign investment is to allow speedier repatriation of profit. It will probably do so.

● **Transport.** To defuse wage claims, the Government has promised to improve public transport.

President Shagari has several reasons for taking things slowly. First, he is by nature a cautious man. But since he took office he has made it clear he wants to complete his economic stock-taking and work out his priorities before starting major reforms.

Second, he will have in mind Nigeria's troubles in the 1970s, when a push for development on all fronts led to seriously unbalanced growth and exposed the economy's structural faults. Nigeria is still haunted by the



spectre of inflation, which topped 30 per cent in 1978. With the recent oil price increases, the economy has shown signs of revival after three years of recession, and with it inflation is quickening. It is now estimated at 14 per cent.

Nigeria has also been unable to cure the problems of supply bottlenecks and a shortage of trained manpower. Former governments tinkered with the issues, but they did not overcome the economy's stop-go tendencies.

Third, the President's first budget will cover only *nine* months because, on January 1, 1981, Nigeria brings its financial year into line with the calendar year. On the same day, the Fourth National Development Plan will come into force, setting the pattern for economic growth. One of the President's firsts acts on taking office was to delay publication of the plan until new priorities in line with campaign promises could be set —especially covering agriculture and small industries. The amended plan will be published later this year.

Fourth, the President will have had time by the following budget to consider reports on two vital aspects of planning—the oil industry and revenue allocation to the states. President Shagari is anxious to develop a long-term oil strategy to protect domestic interests. And a commission, headed by Dr. Pius Okigbo, an economist, is now considering the contentious issue of how to allocate federal revenue to the 19 states.

Last, until revenue allocation is sorted out, the President will not wish to encourage the states to live above their means. Under previous governments, profligate spending by the states made economic planning impossible, fuelled inflation and increased public indebtedness. Some states—especially those not controlled by the President's own party—have already shown their inclination to spend freely, which may cause friction with the federal Government.

Nonetheless, there is considerable pressure from the business community to ease controls and allow the economy to expand. The parsimonious housekeeping of the previous military government during its final months did much to put Nigeria back on an even keel, and the new administration has been further helped by continuing high oil prices. (Oil brings in more than 90 per cent of foreign exchange.)

Oil and strict import controls could give Nigeria a hefty balance of payments surplus of more than N1.6bn during the 1979/80 financial year, after three deficit years. The same policies have pushed foreign exchange reserves up to N3bn (over four months' imports), from N1bn about 18 months ago.

The figures show the beginnings of an economic revival, borne out by improving trade figures.

figures. (Britain's trade with Nigeria was £73m in January, compared with a monthly *average of £52m in 1979.)* But some still feel that tinkering with the economy will never produce results. A sledgehammer is needed. "You don't start a rock moving by tickling it with a feather," said one economist.

هكذا من الأصل

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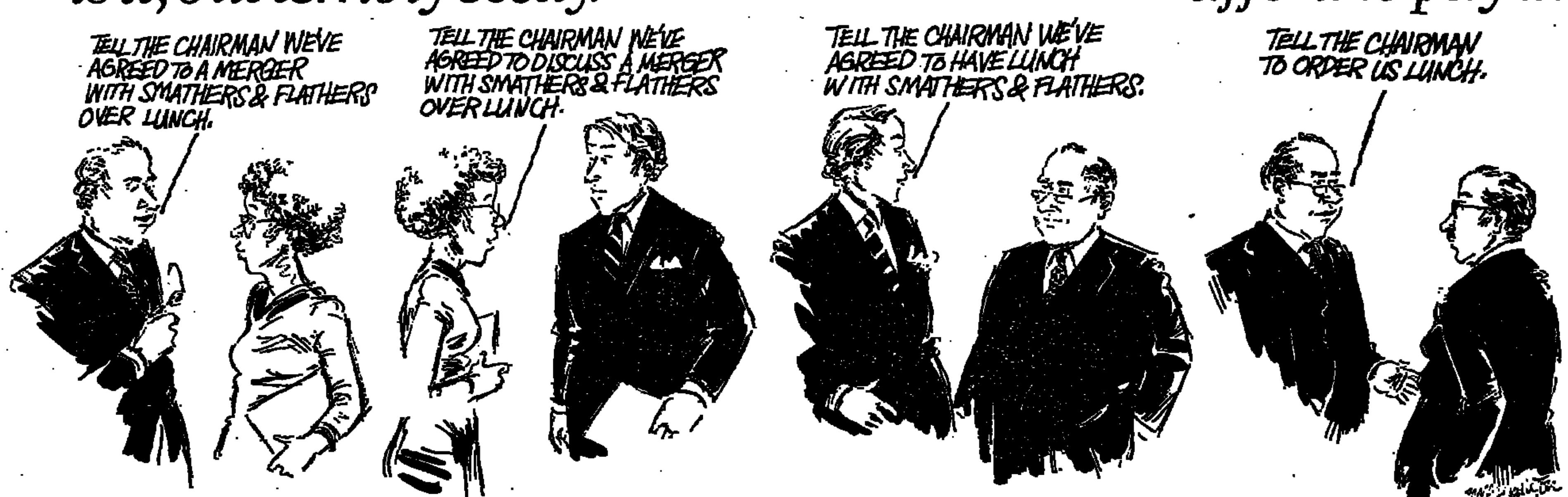

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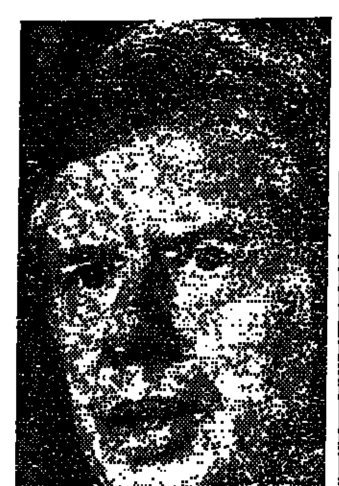
AMERICAN NEWS

Carter's standing declines on eve of Illinois primary



BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PUBLIC APPROVAL of the way President Jimmy Carter is handling his job has once again begun to decline appreciably, though not yet to the point of endangering the big lead he enjoys over all the rivals for his job.

This is the principal finding of the latest New York Times CBS opinion poll published yesterday as the state of Illinois held the biggest single primary so far in the election year.

The poll found that only 40 per cent of the public approved of Mr. Carter's on-the-job performance, down from 53 per cent a month ago. The decline was more marked on his handling of foreign policy.

But, when matched against his political opponents, the erosion in Mr. Carter's standing is smaller: He still leads Senator Kennedy in the opinion of Democrats by 54 to 28 per cent (down a little from the previous 58-23 margin). Pitted against Republicans, he leads Mr. Ronald Reagan by 53 to 34 per cent, Mr. George Bush by 54 to 31 per cent and Mr. John Anderson by 55 to 28 per cent.

Interestingly, the poll found Mr. Carter behind former President Gerald Ford by 47 to 42 per cent, though Mr. Ford is no longer considering a candidacy. Mr. Ford's perceived strength was his ability to handle the economy, though the poll found that Americans were much more inclined to blame Congress than Mr. Carter for the current rate of inflation.

Chicago voting—illegal or idiosyncratic?

BY DAVID BUCHAN IN CHICAGO

IT'S 9 A.M. on primary election day in Chicago, the polls have been open for three hours, and already the state's attorney reports "a real busy day." One man has been arrested for illegally buttonholing voters inside the polling place—campaigners are supposed to stay 100 feet away from the entrance—and the attorney's office has received nearly 400 complaints of poll watchers being kicked out, of precinct officials illegally helping voters make their choice, and of some vote buying.

Another curiosity has been reported to a private group called LEAP (Legal Elections in All Precincts) from a downtown area where three precincts are all voting in the same building. It is considered likely here that a number of middle-class professionals may want to desert the Democratic camp and vote in the Republican presidential primary for Mr. John Anderson.

But the odd thing is that voters there have been told that of the six voting machines—6 feet wide with levers to be pulled for different candidates—only one is mechanically capable of registering Republican votes but all can chalk up Democratic preferences.

Some in the Republican queue leave without voting so as not to be late for work. Mrs. Kirsten Svare, LEAP's executive director, says machine failure "could be legit. But it sounds fishy."

Voting practices in Chicago have always been idiosyncratic and have had a lot to do with the long and lopsided dominance of the Democratic Party in the city. Some tricks of the trade, such as fiddling vote totals or putting 200 to 300 votes on a machine before the first voter walks in, have largely vanished.

But in a system where many of the city's 3,083 precinct captains have tenure in city or local government jobs, largely dependent on their getting their neighbourhoods to vote the right way, and where the police are responsible for the same Democratic city hall, abuses still exist.

LEAP was founded in 1971, the civic-minded Mrs. Svare says, to reform the city's "wickedly crooked" approach to voting, and its first fruits were prosecutions leading to convictions the following year.

There are five election judges at each centre—in even-numbered precincts three Democrats and three Republicans and the reverse in odd-numbered precincts. The problem has been that in many parts of the city, Republicans could not scrape together two or three judges, or were intimidated from doing so. The upshot was frequently that Democrats named two or three of their number as "Republicans" and thus had a free run. Yesterday, for instance, LEAP placed 725 of its judges around the city to help offset this.

The most common abuse these days is "illegal assistance." The plethora of Presidential, Congressional and local candidates on an American ballot baffles many. The complex voting machine needs explaining, and so it might seem helpful to have a precinct captain or election judge slide into the voting booth with you and say: "Here's how to vote for Jimmy Carter," or whoever.

But often before you know what's happened, he's gone and pulled the lever for you. Assistance to voters is supposed to be carefully controlled and confined to two categories: the illiterate and the physically handicapped.

Pinochet to visit Hong Kong

By Hugh O'Shaughnessy

GENERAL Augusto Pinochet of Chile is to spend two days in Hong Kong later this month as part of a Far East tour which is to take him also to the Philippines and Fiji.

The visit to the British colony—the first he has made to any British territory since the military coup of 1973—is scheduled for March 29 and 30

A Foreign and Commonwealth Office official yesterday said that he would be accorded treatment appropriate to a Head of State and that a visit to the Governor, Sir Murray Maclehose, would be considered if Gen. Pinochet requested it.

Gen. Pinochet is to undertake another Far Eastern tour to Japan in October and may also visit China with which the present Chilean Government has close relations, based on both countries' opposition to Soviet policies.

53 killed in battles in El Salvador

SAN SALVADOR—At least least 53 persons were reported killed in gunfights and bombings after a general strike turned into an uprising on Monday.

Students occupied the University of San Salvador and carried on a sporadic gun battle with police and soldiers surrounding the campus. One youth who fled said: "There are many dead and wounded."

Clashes were reported in a number of provincial cities and towns but no casualty figures were available. Col. Marco Aurelio Gonzales, National Guard press officer, said: "This is mindless. This fight has no reason. The Government is already implementing the very reforms the leftists demand."

He gave this account of some of the battles: Militants of the Popular Revolutionary Bloc attacked an army unit at Hacienda Colima, 30 miles north-east of San Salvador, and 28 persons were killed. No army losses were reported.

A battle between Left-wing guerrillas and troops in Suchitoto, 23 miles north of the capital, left 12 persons dead, and six armed militants were killed while attempting to set up roadblocks on the outskirts of the capital.

Six persons died in gunfights in San Salvador and one suspected Leftist was killed and four of his companions were wounded when the bomb they allegedly were placing in the water and sewerage building exploded.

Three persons were said to have died when workers and police fought a gun battle at the Cuscatlan coat factory

San Salvador was paralyzed throughout the day by a general strike called by Leftist organisations seeking to overthrow the civilian-military junta that has ruled since a coup on October 15 removed the Right-wing Government of President Carlos Humberto Romero.

Inflation package provokes gloom

By Stewart Fleming in New York

DR. HENRY KAUFMAN, chief economist and partner at the New York investment banking firm of Salomon Brothers has delivered a broadly pessimistic assessment of the Carter Administration's inflation package. "It should not be construed as a landmark of fiscal wisdom," he says.

Dr. Kaufman, who has been warning for two years that the U.S. was moving towards high inflation and surging interest rates and whose prescience has been attracting wide public attention, says that "the peaks of credit stringency and of interest rates still lie ahead of us." His assessment was released before the latest prime rate increase.

Dr. Kaufman reserves his sharpest criticism for the fiscal and budgetary measures announced by President Jimmy Carter last weekend. "The most disappointing aspect of the new anti-inflation programme is the lack of urgency in achieving fiscal discipline, although fiscal discipline appears to have been made the cornerstone of the new programme."

While conceding that the attainment of a balanced federal budget is a laudable objective, he says that in a period of high inflation and economic excesses, fiscal discipline must be both timely and of sufficient magnitude.

He comments sharply on the expectation that "during this difficult year in the credit market the federal Government (through its borrowing) will pre-empt about 23 per cent of total credit, much more than in the last two periods of credit restraint in 1974 and 1969.

He concludes that the burden of slowing inflation continues to be "predominantly a responsibility of the Federal Reserve." In this area he concludes that the tightening of marginal reserve requirements on banks "is a substantial restraining force."

But on the longer-term impact of the Fed's measures, he concludes that "much depends on the persistence of Fed policy in the months ahead."

Nail-biting stops in Panama

BY HUGH O'SHAUGHNESSY, RECENTLY IN PANAMA

THEY HAVE stopped biting their nails in Panama. The prophets of gloom who six months ago were forecasting that this large but underpopulated Central American republic of less than 2m would fall into chaos as the U.S. began to withdraw from the Panama Canal have been confounded.

On October 1 last, treaties between Panama and the U.S. came into force, providing for immediate abolition of the U.S.-controlled Panama Canal Zone and the progressive handing over of the operation and defence of the waterway according to a timetable stretching on until the year 2000.

On the vesting day, the Panamanians celebrated with a splendid display of fireworks, raising one of the biggest flags in the world over Ancon Hill, the site of the former U.S. headquarters.

There was much apprehension among the "zonians," the inhabitants of the Zone. Carrying U.S. passports, under Washington's wing and in the employ of the U.S. Department of Defence, they had been enjoying one of the highest standards of living in the Western Hemisphere. They were fearful of what lay ahead, as the Panamanians began to share the responsibilities which Uncle Sam had exercised alone since 1903.

The optimism of those, from Dr. Henry Kissinger to President Jimmy Carter, who thought that the only way the long-term security of the Canal would be ensured was by ceding a measure of control to Panama was counterbalanced by many in the U.S. Congress who felt that nothing but bad could come of what they saw as an act of weakness by the Administration.

The immediate boom that the most hopeful Panamanian businessmen expected, has yet to appear, but no major upsets have occurred over the past six months. Poorer Panamanians have not threatened the pleasant way of life among the frangipani trees and the neat lawns of the former Zonians.

Gen. Torrijos . . . gained favours.

Ships have made their way between the Atlantic and the Pacific with no more problems than tricky navigation and a shortage of water to fill the locks. The Government of President Aristides Royo, 39, and Gen. Omar Torrijos, the National Guard commander, has not gone Castroite overnight. Shopkeepers have continued their brisk trade in duty-free goods with travellers from all over Latin America.

Optimists are still forecasting a boom soon, and point out that with a Gross National Product of only about $2½bn a year, the country does not need much of a fillip to be pushed into prosperity.

The Government hopes the Canal, which under exclusive U.S. control was just a waterway through which vessels were passed as quickly as possible, will become a service centre where they will be tempted to stay and spend money.

A scheme is in hand to expand the highly-successful Colon Free Zone to make it more of an entrepôt for Latin American trade. The Japanese are making plans to build a new sea-level canal at an estimated $10bn-$15bn.

A new fishing port for Panamanian and foreign shrimp and tuna fleets is nearing completion at Vacamonte, near Panama City, and the protracted talks about the exploitation of the copper reserves of Cerro Colorado with U.S., Canadian and British mining interests, are still continuing.

Before long, Panama City will have a new convention centre to hold 3,000 guests and the hotels are already bulging. Some 90 banks use Panama as a convenient offshore centre.

The U.S. Administration has a clear interest in making the country stable and prosperous, if not out of altruism, then out of prudent regard for the Canal's future.

The action of Gen. Torrijos and President Royo in taking the Shah off Washington's hands after he was refused re-admission to Mexico last December, has merited more favours from the U.S. Government.

But if the businessmen are content, or at least hopeful, considerable political and social problems still exist. Many inhabitants of Panama City and Colon live so near the breadline that rises in the prices of staples can still have them demonstrating in the streets.

The passing of Law 94, which tilted the balance of advantage against the employee and in favour of the employer by reducing workers' employment protection, caused a widespread strike at the end of January. Some 300,000 people joined an opposition demonstration against the Government in October.

For the moment, Panama has little formal political structure. Gen. Torrijos took power in 1968 and the ultimate authority still lies in his hands and those of the National Guard. The assembly of local government officials has little legislative authority.

Gen. Torrijos has staid that real elections will not be held before 1984 but he may have to shorten that timetable. Until elections are held, the Government cannot claim it has reached real political normality.

U.S. incomes rise slows

WASHINGTON — Americans continued to spend a high proportion of their income in February even though their wages and other earnings grew at the lowest rate since the 1974-75 recession, the Commerce Department reported yesterday.

Such spending, which has been keeping the economy out of recession, is expected to decline in coming months in the wake of the Government's move last Friday

The 0.3 per cent rise in total personal income last month compared with increases of 0.8 per cent in January and 1.1 per cent in December. AP

WORLD TRADE NEWS

Iran-Russia gas talks face additional setback

BY SIMON HENDERSON IN TEHRAN

ANY RESUMPTION of Soviet-Iran talks on the sale of Iranian gas, which collapsed this week over the question of price, can probably be ruled out for the next week because of the Persian New Year celebrations.

In the meantime it seems unlikely that exports will resume until there is progress on the price issue, even though the recent breakages in the Igat-1 pipeline which carries the gas are nearly repaired. Mr. Ali Akhbar Moinfar, the Oil Minister, strongly implied last weekend, that the pipe would remain closed until price agreement was reached.

It has been fairly obvious from when talks started in Tehran last week that agreement would be difficult. The revolutionary ideology in Iran of standing up to both superpowers made an easing of the requested five-fold price increase difficult.

The volume of exports had been falling anyway with the dropping of Iranian oil production, and the connection of more Iranian towns in the national gas grid. Before the breakages it had been about 15 per cent of contract volumes.

Speaking to the official Pars news agency after the talks were finally broken off, Mr. Moinfar did not say whether they would be resumed, but he did say that Iran could not accept the Soviet offer of a more than threefold increase in the previous price.

The Soviet Union appears to have accepted the idea of decreased volumes. It is not known whether a previous Iranian aim—of backdating the price increase a year to the revolution—has been dropped or not. The contract volumes were worth about $270m a year, so any backdating might involve a figure up to $1bn.

Besides the political argument of the danger of Iran appearing to rash towards its powerful northern neighbour, there has been considerable Soviet economic assistance to Iran which could be put in jeopardy. Moscow has been involved in building a steel mill and grain silos and, along with Eastern European countries, has continued assistance while the West has held back because of the crisis with the U.S.

U.S. to tighten Soviet sanctions

WASHINGTON — The export to the Soviet Union of a wide range of industrial know-how would be limited under a new U.S. Government policy, according to an official in President Carter's administration.

The new policy is designed to prevent the Soviets from obtaining items that could be used to strengthen their defences and is part of the effort to show American displeasure at the Russian military moves in Afghanistan.

The new controls would impose restrictions beyond those announced by Mr. Carter, in January and would limit the sale to the Soviets of computers, including computer processing techniques, or software. Also affected would be tiny electronic semiconductors; the basic building blocks of computer hardware.

President Carter announced a limited halt to exports in January and said at the time that a study of American exports to Russia would be conducted by the White House and the Departments of Defence, Commerce and State.

That study is finished and will result in the newer, more stringent guidelines, according to the official.

In the wake of the January guidelines, more than 400 licences permitting American exports to the Soviet Union were suspended along with about 300 licence applications that had not yet been processed.

Those 700 licences will now be reviewed again to see if they meet the new guidelines.

In addition to the American ban on exports, the official said, the U.S. also will propose that Nato nations and Japan limit their exports to Russia according to the same new restrictions.

About $200m (£91.5m) worth of high technology items were sold to the Soviet Union annually before the Afghanistan intervention. Of that, about 70 per cent had to be exempted from export controls observed by Nato and Japan. Most of that 70 per cent would be cut out under the new U.S. restrictions, the Carter Administration official said. AP

HK airline to contest CAA ruling

By Philip Bowring in Hong Kong

HONG KONG-based Cathay Pacific Airways is to appeal against a British Civil Aviation Authority decision not to grant it a licence to fly between London and Hong Kong.

The Authority gave permission to British Caledonian to operate the route in competition with the British Airways service.

The decision has caused an outburst of nationalist sentiment in Hong Kong, and one leading newspaper described the decision as a "shameless abue of imperial privilege."

Earlier, Hong Kong aviation authorities had given permission for both Cathay and British Caledonian to operate the route on the basis of an initial three 747 flights a week for Cathay and four DC-10 flights for BCal. ... ...

The CAA decision to favour BCal over Cathay was said to have been made on the grounds that a daily DC-10 flight was more appropriate in market terms than the four-times-a-week 747 flight Cathay had proposed to start with.

However, there is strong suspicion here that other factors were at work in denying Hong Kong's airline reciprocal rights into London. One of these could have been a desire to mollify dissatisfaction among British independent operators, including BCal, which was angry at the rejection by the authority last week of most of their applications for new routes within Europe.

It is noted that a London route would fit with Cathay's extensive Asian/Australian route network. Currently Cathay flies as far West as Bahrain. BCal does not fly anywhere in Asia.

● Macao is considering building an airport costing $1bn, Sr Melo Egidio, the Portuguese colony's Governor-General, said yesterday on his return from an official visit to China. He said he will discuss the project further during a visit to Lisbon lated this month.

The Portuguese-ruled enclave 30 miles from Hong Kong at present has no airport.

Sr Egidio said that private concerns had expressed interest in financing such a project.

El Paso seeks new deal for Algeria LNG

ALGIERS — The El Paso Company of the U.S. is negotiating a new price base for the import of Algerian liquefied natural gas LNG, AP-DJ reports.

The contract between El Paso and the State-owned Sonatrach oil company, first signed in 1969 and revised in 1979, calls for the annual delivery of 10bn cubic metres of LNG over 25 years.

Similar negotiations are being held with European buyers, including the French public utility Gaz de France which imports over 4bn cubic metres of Algerian gas annually, Ruhrgas of West Germany and Gasunie of The Netherlands.

Sonatrach intends to raise the base price for gas exports to around $6 per 1,000 cubic feet to be indexed to that of crude oil, plus an "exploration fee" as is already the case with the $3 per barrel tax imposed on crude oil shipments.

Francis Ghiles adds: M. Sid Ahmed Ghozali, the man who founded Sonatrach and was his country's Minister of Energy until early last year, has come in for some strong criticism recently, not least in the Algerian National Assembly, because of the El Paso-1 contract. These criticisms have been fuelled by the running dispute between him and his successor at the head of Sonatrach, M. Belkacem Nabi which led late last year to Ghozali's dismissal from the Algerian Government in which he held the Water Resources portfolio.

Mr. Ghozali's critics point to the fact that the price escalation clauses contained in the El Paso-1 contract are "softer" than those contained in all the other ones signed with foreign buyers since 1969. The reason for these milder escalation clauses is simple enough. In 1969, El Paso was, with the exception of the UK the only foreign buyer of Algerian gas Sonatrach could find.

Aiwa to set up joint manufacturing in China

BY YOKO SHIBATA IN TOKYO

AIWA, the Japanese audio equipment maker, has reached a preliminary understanding with China to set up a joint manufacturing company in Peking, to produce radio cassette players.

Under a technical co-operation agreement Aiwa will supply all the necessary parts for knock-down assembly of 500,000 pocket radios a year in Peking. Aiwa will also provide all the parts necessary to produce 1,000 to 1,500 radio cassette players a year as well as technology and know-how. In return China will pay Aiwa 3.5 per cent of the price of the goods produced.

Aiwa said that delivery of radio cassette parts will start in June and full-fledged production will follow in one or two years' time. Initially the plant will sell all its output on the Chinese market. However, Aiwa indicated the possibility of importing them into Japan or exporting to third country, depending upon the quality of products.

A Japan-China joint manufacturing company will eventually be set up, but a number of important details on such a venture have still to be settled.

Meanwhile, Aiwa's UK plant in Gwent will start up in June with a monthly output of 2,000 sets, reaching full-scale operation in three years' time.

UK in India aid accords

AID AGREEMENTS to be signed by Mr. Neil Marten, Minister for Overseas Development, in New Delhi today will enable the Indian Government to place orders worth £81m with British industry.

One agreement, for £70m, is expected to provide funds for a British contribution to two new fertiliser plants. A second will provide £11m for coal sector development.

Another agreement to be signed today will provide £33.2m aid for poverty-focused projects and others involving British exports.

Turks in top 10 textile league

BY RHYS DAVID

TURKISH AND South Korean groups have found their way into the list of the top 10 textile companies in the world, according to a survey carried out by the German magazine Textil-Wirtschaft.

The list — relating to 1978 — is still headed by the British group Courtaulds, with a turnover of DM 6.3bn (£1.56bn) followed by Burlington, the U.S. group, with a turnover of DM 4.8bn.

The Turkish group Haci Omer Sabanci Holding, with a turnover of DM 4.3bn occupies third place, however, and Daewoo Industrial emerges as Asia's biggest textile company with an annual turnover of DM 4bn.

The top 25 are dominated by the U.S. with 10 companies but Britain has four in this list — Courtaulds, Coats Paton, in ninth position, Tootal in 13th, and Carrington Viyella in 21st.

The biggest French company, Agache-Willot is in seventh position, with two other French groups, Dollfue Mieg-Gruppe in 11th and Sommer Allibert in 25th.

The biggest company in Germany, where the textile groups are mostly medium-sized, is Girmes-Gruppe in 41st position. No fewer than 19 other German companies follow hard on the heels of Girmes Gruppe in the rankings down to number 100. Germany in fact has the second biggest representation in the top 100 after the U.S. which has 36. Britain's total is 14. France 7.

According to a separate analysis in the magazine, the fastest growth in textile output in 1978 was recorded in the Philippines — up 21.2 per cent — followed by Ireland 15.4 per cent, South Korea 12 per cent and Canada 11.5 per cent. Output in Germany fell by 1.9 per cent, in France by 2.8 per cent, and in the UK by 2.9 per cent.

Attractions of Singapore for the Japanese

By Charles Smith, Far East Editor in Tokyo

SINGAPORE became the second largest overseas destination for new Japanese investment in 1978. It almost certainly held on to this position last year although full figures are not yet available. Singapore's share of total investment commitments by Japanese companies in the last two years is estimated at over 13 per cent putting it behind the U.S. but far ahead of Indonesia, the former top destination for Japanese investment.

Japanese companies began to invest cautiously in Singapore from the mid-1960s when the island was part of Malaysia and most manufacturing ventures were aimed at the Malaysian home market. Separation from Malaysia scared away Japanese investors for several years, but from the early 1970s onwards the Republic started to make a name for itself as an export base.

One of the first Japanese companies to establish an export oriented manufacturing venture in Singapore, Nippon Miniature Bearing, began in 1972 with 200 workers. NMB now employs more than 3,000 workers in Singapore.

By the end of 1978 NMB was one of 138 Japanese companies employing a total of 28,000 Singaporeans in manufacturing ventures, and producing Sing$ 1.2bn (£247m) worth of goods per year. American investment in Singapore is still larger than Japanese investment (except in terms of the number of companies involved) but the U.S. appears likely to be overtaken shortly by Japan. This could happen even if there are delays in the completion of the Sing$ 2bn Sumitomo petrochemical project, a venture which dwarfs all other Japanese projects on the island in terms of its capital cost, though not necessarily in terms of employment.

Singapore is popular with Japanese investors because of the freedom it allows in bringing components and equipment into the country and because there are no objections to 100 per cent owned foreign ventures. The first of these two factors matters to the electronics industry which stresses assembly of imported components rather than vertically integrated local manufacture.

The second matters because Japanese companies, typically, appear more at home doing business on their own than in joint ventures. Early Japanese investments in south east Asian countries often took the form of joint ventures. But the Japanese stress on long-term growth rather than short-term profits proved unpopular with local businessmen in many countries. In Singapore Japanese companies have been able to pursue the same kind of business strategies that would be adopted in Japan itself.

The stress on assembly of imported components in the electronics industry means that Japanese investments in Singapore by and large incorporate less locally added value in their products than do U.S. or European-owned ventures (with the exception of Holland). Average added value per worker in the case of Japanese-owned plants worked out at Sing$14,400 in 1978 compared with Sing$20,600 for the U.S. and Sing$23,000 for UK investments. Japanese factories in Singapore are, however, now tending to use a larger amount of locally made components. The main reason for this is that it is becoming progressively easier for Japanese factories on the island to buy from each other.

Japanese companies with Singapore operations appear to be aiming their exports mainly at the U.S. market which took S$710m worth of Singapore-made Japanese goods in the first nine months of 1979. Japan itself, is also an important market and the UK ranks third. In the first three-quarters of last year no less than S$115m worth of Japanese goods made in Singapore found their way to Britain under the UK's Generalised System of Preferences (a preferential tariff system designed to help "new" industrial exporters).

Japanese investors will probably continue putting their money into Singapore so long as its labour is attractively priced, so long as tariff preferences are available for Singapore goods exported to advanced countries, and so long as there is room for them on the island.

When these conditions cease to apply there will be a vacancy for another South East Asian export base offering the same attractive combination of value for money and liberal treatment of the investor. The most likely candidate for the position is Malaysia assuming (as the Japanese do) that laws on the employment of Bumiputra (native born Malays) are interpreted flexibly enough to allow foreigners to make a profit.

How computer leasing went sour on Lloyd's

John Moore looks at legal problems facing Lloyd's syndicates involved in computer leasing insurance

LAWYERS representing Lloyd's of London and a number of insurance companies, and Federal Leasing, of the U.S., have again appeared in the U.S. District Court of Baltimore to argue one of the biggest legal actions to be brought against Lloyd's underwriters.

Federal Leasing, a computer leasing company, is attempting to recover from Lloyd's underwriters and insurers more than \$23m in leasing insurance claims. It is also claiming about \$600m in damages from insurers.

Record losses of more than £156m are expected to be made by 55 of Lloyd's 403 syndicates in computer leasing, but the legal actions have provided an unknown factor in estimating the final legal bill and the cost of a settlement.

Most of the actions are largely spin-offs from litigation started by *Federal Leasing of Virginia* last summer.

Insurance was taken out by computer leasing companies to protect them against early termination of contracts by customers.

When new IBM models and cheaper leases became available in 1978 almost every customer gave notice of likely cancellation with a view to either changing equipment or renegotiating its lease.

More than 14,000 claims have been made on Lloyd's by leasing companies seeking compensation for the difference between monthly rentals on terminated agreements and lower payments received when the computer has been re-hired.

For many computer leasing companies which took out the insurance the cover became crucial to their existence. Federal Leasing secured \$130m of insurance, arranged at Lloyd's, against loans advanced from banks and institutions to finance its operations. Federal's own net worth stood at \$2m in 1977.

Some financial institutions which took part in computer leasing schemes arranged by Federal have been pressing for payment, but Federal's hands are tied until it recovers insurance from underwriters.

Federal has filed a motion in the U.S. courts seeking an injunction for immediate payment of \$23.6m in insurance claims which, it says, has risen to \$40m. Unless this is agreed, *it says, "it will cease to exist* and will lose the ability to prosecute its claims at all."

Meanwhile, Federal and underwriters have been sued in a series of cross-claims by some of the institutions which backed its operations.

Lloyd's is making a counter-claim against Federal. It is suing Intercap, a leasing company, in the U.S. District Court in Dallas, in an attempt to have insurance contracts worth \$14m declared void because, it alleges, the deals are tainted by bribes.

There are other legal actions involving computer leasing arising from alternative insurance schemes which were arranged when Lloyd's ceased to underwrite *this type of insurance in* the late 1970s. Some major insurance brokers are involved.

Business generated by Itel Corporation, the troubled San-Francisco leasing company which accounted for a quarter of the business of more than \$1bn, may be settled out of court.

A commercial settlement is being discussed between Lloyd's and Itel whereby Itel will exchange cash and assets in return for Lloyd's settling future claims.

COMPUTER LEASING LITIGATION

PLAINTIFFS	DEFENDANTS	AMOUNTS AT ISSUE $
Federal Leasing of the U.S.	*Lloyd's underwriters and a number of insurance companies*	*628m*
Bank of Lincolnwood of the U.S.	Federal Leasing	476,621 and 10m punitive damages
Lloyd's underwriters and a number of insurance companies	Southwestern Bell Telephone, Intercap Leasing Corporation, *B and W Capital* Corporation, Richard Reid Wadsworth Jnr., Irven Eugene Barlow	14m

Plea for hihger alcohol taxes

DOCTORS FROM the Royal Colleges of Physicians in a report yesterday asked the Chancellor to impose "much higher taxes on alcohol to counter an epidemic of drink-related disorders."

They said that increasing the price of drinks should be part of the overall strategy to reduce consumption and that 1 per cent — £23m last year — of the tax raised should be spent on education against alcoholism.

Costs order against Ladbrokes

LADBROKES was yesterday ordered to pay the costs incurred by the Metropolitan Police and the Gaming Board in resisting its unsuccessful High Court appeal against the refusal of Knightsbridge Crown Court to renew its gaming licences for three West End casinos.

An application by the Playboy Club, which had objected to the renewal of Ladbroke's gaming licences, for its appeal costs to be paid by that company, was rejected by Lord Chief Justice Widgery and Mr. Justice Mars-Jones in the Queen's Bench Divisional Court.

Mr. Victor Temple, for Ladbrokes' club operators, Ladup and Hyde Park Casinos, earlier told the court that they were willing to pay the police costs.

There were no special reasons, submitted counsel, why the court should depart from the normal practice of making only one costs order.

Costs of the High Court hearing are unofficially estimated at £20,000.

Ladbrokes is referring last week's dismissal of its appeal to the Court of Appeal.

Whisky bond releases up 8.5%

BY GARETH GRIFFITHS

THE AMOUNT of Scotch whisky released on the home market in the past year was the *highest this century with* releases from bond for the first 11 months of last year totalling 18.338m proof gallons—equivalent to 155.873m bottles.

Figures issued yesterday by the Scotch Whisky Association showed an increase in the 11 monthly total of $8\frac{1}{4}$ per cent on 1978. The total of domestic releases is the highest annual figure recorded since 1900 when it stood at 25m proof gallons.

The releases from bond, however, do not give any clear indication of demand for whisky in the UK. The industry has traditionally concentrated on release figures rather than actual sales *figures. One reason for the* spurt in releases was the fear of customs duty increases in the two pre-budgetary scares last spring and summer. Halfway during the year releases *were 47 per cent higher than* in the same period in 1978.

Whisky drinkers are not getting any of the benefits from the industry's switch to metrication at the beginning of the year, according to stockbrokers Wood Mackenzie and Co. The report by two of the industry's analysts, Mr. Ian McBean and Mr. David Campbell says the distillers "are intent on gaining what they can from the change."

Metrication of alcoholic strength and quantity measure has now been extended to all Scotch *whisky* bottles. The change in bottle size has led to a reduction in spirit volume per bottle of about one per cent. The saving in excise duty is larger. Compared with gross profit to the trade of broadly 60p a bottle, the reduction in duty amounts to $3\frac{1}{2}$p.

McBean and Campbell say *with last month's price rises* of 22 per cent on ex-duty whisky price, the reduction in bottle size added another $3\frac{1}{2}$p a bottle to the price charged in the shops. A bottle of Scotch *now costs* an average £5.

The report is concerned that consumers are likely to overlook the price rises because of fears over increases in excise duty by the Chancellor in the Budget.

Strong nuclear policy sought

BY MARTIN DICKSON

BRITAIN NEEDS an orderly build up in its nuclear generating capacity instead of a series of "stop go" policies. Mr. Fred Bonner, deputy chairman of the Central Electricity Generating Board said yesterday.

Mr. Bonner was addressing an electricity marketing conference in Harrogate.

He said the indecision which had characterised British nuclear policy in the later 1970s must not be repeated, because this could affect Britain's nuclear manufacturing capability.

It would be a "tradegy" if Britain ended up without the capability to build its nuclear power-stations.

Mr. Bonner's remarks come when the Government's Think Tank is re-examining proposals to build two advanced gas-cooled (AGR) nuclear stations, following a downward revision of the CEGB's medium-term electricity demand forecasts.

One is proposed at Heysham, Lancs., *the other at Torness,* Scotland.

The CEGB is still negotiating with the Government its 1980-1981 cash limits. There are fears that these might be set too low to allow the Heysham project to go ahead immediately.

Mr. Bonner said while it was understable that the Government should be concerned about the public sector borrowing requirement, over the years the energy industry absorbed 2-3 per cent of gross domestic product. This figure was fairly constant.

Sir Francis Tombs, chairman of the Electricity Council, gave three reasons for going ahead with a strong nuclear programme:

- The industry's latest medium-term demand estimates were based on a GDP growth rate of only one per cent a year—and this could prove too pessimistic;
- There was a good economic case that nuclear stations could provide a better return on capital *investment;*
- Britain would increasingly have to substitute nuclear power for oil and gas in the 1990s and, given the long lead times involved, the nuclear programme had to be pursued now with "real determination."

Terry Kirk

Seeing a "tragedy."

On fuel supplies, Mr Bonner said relative prices of oil and coal had changed significantly in the National Coal Board's *favour. It was likely that the* CEGB's coal burn would tend to be maximised and that of oil minimised until the Coal Board's prices caught up again.

But, he said: "This gives coal a privileged position which it could so easily lose if it were to attempt to take further advantage of the head room."

Mr Bonner said last summer it looked as though the CEGB would be lucky to end the winter with coal supplies of more than about 8m tonnes and oil under 1m tonnes.

In the event, it looked as though coal stocks would be nearer 13m to 14m tonnes at the end of March, and oil stocks 1.8m tonnes.

The reasons included a slump in demand for electricity, and increased British coal production.

It is understood that the CEGB has been pointing to these abnormally high coal stocks as being one reason for Government flexibility towards its borrowing needs.

Mr. Bonner said in the past 12 months the oil price doubled and coal prices had increased. This meant that the CEGB's fossil fuel costs for 1980-81 were £41 to £42 a tonne against an average of £32 in the current financial year—an increase of almost one third.

Nick Franklin at the 18th week of the Vale of Belvoir mining inquiry

Coal Board plans '10 years early'

THE SCHEDULE proposed by the National Coal Board for *mining the Vale of Belvoir* would be premature by at least a decade, an authority on energy markets told the Belvoir inquiry yesterday.

Mr. Gerald Manners, a reader in Geography at University College, London, appeared as an expert witness for the alliance of 30 parish councils, the National Farmers' Union and the Vale of Belvoir Protection Group at the start of the inquiry's 18th week at Stoke Rochford Hall in Lincolnshire.

He argued that demand for British coal was likely to *stabilise at a lower level in the* next 20 years than had been suggested by the NCB and the Department of Energy.

Even if demand for coal subsequently increased it would not happen until "well into the 21st century." In the year 2000 it would be nearer to 110m tonnes than the NCB estimate of 170m tonnes, he said.

Mr. Manners said one of the major effects of the 1973-74 rise in oil prices, and the re-establishment of those levels in real dollar terms in 1979, had been to slow down economic growth and to make it more *uncertain throughout the industrialised world.*

Growth was expected to be reduced further in the next few years, from more than 4 per cent a year between 1966-67 and 1976-77 to 1 per cent in 1980.

"It cannot be too strongly stressed that the Coal Board has failed to provide this inquiry with original and convincing evidence to demonstrate its full awareness of the changed economic and energy enviroment since its expansion plans were first forged, and its ability to reconcile its 1974 and *1977 ambitions with a contemporary* reading of energy markets for the foreseeable future."

Mr. Manners said the "major importance" of gas and the prospectively greater role of natural gas must not be overlooked.

"It is important to note that, because of its national accounting *framework, the Department* of Energy persistently and deceptively under-declares the quantities of natural gas likely to be available to British consumers by ignoring in their energy balance tables committed and *prospective imports from* the Norwegian sector of the North Sea.

"Thus in the Green Paper on energy policy 65m tonnes of coal equivalent was noted as the prospective level of domestic gas supplies in 1985. However, this consistently under-states the likely impact of this premium source of energy on British energy markets over the next five years—which was confirmed as 85m tonnes in a personal letter from the chief statistician of the Department of Energy."

Mr. Manners said demand from the NCB's main customer, the Central Electricity Generating Board was crucial. But the Board's most recent estimate of coal requirements, dated February 28, *represented* a reduction of 27m tonnes in expected power station needs in the year 2000—equivalent to nearly four Belvoir coalfields.

The NCB's productivity capa*bilities, he said, had to be quali*fied by the issue of pit closures.

"It cannot be ignored that the National Union of Mineworkers is in a position to veto the closure of older and higher cost mines, and in recent years *it has forced the board to retain* capacity at Walton colliery in North Yorkshire and, until the vagaries of geology prevailed, at Deep Duffryn in South Wales. A more substantial programme of pit closures would involve either considerable redundancies or the transfer of miners between coalfields."

Mr. Manners said if his own estimates of the market prospects for coal were too conservative the country faced a short-term burden on its balance of payments.

"If the promoters are proved to be wrong, on the other hand, then the country will have lost certain irreplaceable environmental assets in North-East Leicestershire, it will have unnecessarily sunk a large sum *of scarce public capital in, at* best, a badly-timed mining venture, it will be faced with a surplus of coal mining capacity, it will be required to close down rapidly and prematurely many *relatively small pits in* other parts of the country, and it will have to face the social disruption that such a course of action would entail."

Wool textile industry joins call for controls on imports

BY RHYS DAVID

WOOL textiles — with other British industries—may not survive to take long-term benefit of Government economic policies, a letter to the Prime Minister Mrs. Margaret Thatcher warns today.

The letter is from the newly-formed Confederation of British Wool Textiles. It says the industry has been gravely weakened by Government policies, particularly high interest rates and the high value of sterling. As an emergency, it advocates intro*ducing import controls to pre*vent further contraction of the UK industrial base.

"Government measures have made all British industries, including our own, increasingly uncompetitive and thus increasingly vulnerable.

"We fear that, before the Government achieves its objectives, industry will have become too emaciated to take advantage of the opportunities which the policies are intended to create," the letter says.

Wool textiles exported goods worth more than £400m last year.

The letter reflects continuing concern at the quickening pace of closures in the industry, causing the loss of 10,000 jobs in the last two years. "We do *not understand the* Government's apparent failure to comprehend that much of the blame for the speed which this run-down is taking place now lies not with industry, but with the uncompetitiveness which is being created by the Government's own policies," Mr. John Parr, the confederation's director, says.

Limiting imports could be temporary. Such measures could help liberalise longer-term world trade by putting pressure on other countries to reduce unreasonable obstacles to British exports.

Almost every British textile sector has now joined the call for *import* controls on top of the existing framework for limiting penetration of the UK *market by low-cost suppliers.*

The Government has indicated its intention of continuing to resist this pressure, despite continuing job losses throughout the industry.

In a statement last week, Mr. John Nott, Secretary for Trade, said millions of jobs depended on maintaining open markets for exports. Further action to limit access to the British market would be contrary to the UK's international obligations.

- World textile trading was seriously lopsided, Mr. Ian MacArthur, director of the British Textiles Confederation, said yesterday. The EEC was *facing intolerable tariff* and other barriers on its exports to developing and developed countries, while preserving the world's most open market for imports.

He listed the U.S., South Africa, Australia and New Zealand as developed countries heavily protecting their markets. Among the more advanced developing countries, Brazil had tariffs on woven products of 115 to 205 per cent. South Korea banned imports of many textile products.

Shirt job losses at 15,000

THE SHIRT industry has lost 15,000 jobs since September, Mr. Monty Goldman, chairman of the Shirt Manufacturers' Federation, said yesterday.

Many more redundancies would follow unless the Government acted quickly, he told the federation's annual meeting in London.

"To sit back and allow this to happen is a piece of political immorality and cowardice. The Government should stop playing politics with human misery."

He said the present "lunatic" system allowed others to flood Britain with low-wage shirts, while putting up prohibitive tariff barriers against British-made *shirts.*

Taiwan had 75 per cent import duty on cotton and polyester shirts, 100 per cent on silk and wool shirts. South Korea had 80 per cent duty on British shirts.

More Home News
Pages 12 & 22

Wastwater compromise proposed

ENGLAND'S deepest lake, Wastwater, could be saved from a controversial British Nuclear Fuels plan to raise its level, providing more water for the Windscale nuclear plant.

The scheme is one of the applications being considered by an *inquiry at Whitehaven. The other* is a North West Water Authority proposal to raise the level of the neighbouring Ennerdale, providing more water for industrial West Cumbria.

Yesterday, the inquiry entered its eighth week. The water authority stated it is now supporting an alternative to its original scheme which would cated for its own water needs and the requirements of British Nuclear Fuels.

The authority also revealed that Mr. Michael Heseltine, Environment Minister, has agreed that the water authority's new scheme, *known as Ennerdale Two* should be considered at the inquiry. If accepter, the scheme would leave Wastwater unaffected, and would receive extra water by direct pipeline from *Ennerdale to Windscale.*

The water authority said it still thought its original scheme was the best, but accepted that the cost it implied for British Nuclear Fuels' plans was not justified.

Road schemes 'delayed by objectors'

BY LYNTON McLAIN

BRITAIN'S anti-road lobby was attacked yesterday for causing delays to the road programme.

"So-called environmentalists" had contributed directly to environmental deterioration, Mr. Robert Phillipson, director of the pro-road British Road Federation said in evidence to the Armitage inquiry, which is studying the impact of lorries *on people and the environment.*

One of the factors being considered is the capacity of Britain's road network and the role of by-passes in easing *noise, vibration and pollution* around communities.

Mr. Phillipson told the inquiry more than 500 by-passes "which could bring relief from the lory to towns and villages" still wait to be built.

"Classic examples" of delays to road schemes by objectors included the case of the M40 and M42 motorways. These were designed to improve communications between Oxford and Birmingham and the West Midlands.

Without delays for objectors, the M42 would have been finished three years ago and the M40 extension from Oxford to beyond Warwick last year, according to the federation.

"These motorways would have brought relief to 72 towns and villages and been of huge benefit to industry in the Midlands," said Mr. Phillipson.

The federation said in evidence to Sir Arthur Armitage, the vice-chancellor of Manchester University, that expanding the road programme would be "the most effective way of getting a reduction in the lorry nuisance."

But the momentum of the road programmes of the 1960s and early 1970s had "dwindled seriously." This had left wide gaps in the road network, especially in urban areas.

- Mr. Kenneth Clarke, the Parliamentary Secretary at the Transport Department told MPs last week road building is at half the 1975 level and at one third of the level 10 years ago.
- The first report of the Government's standing advisory committee on trunk road assessment is expected to be published soon.

The report provides a new and comprehensive way of setting out all factors which should be considered before decisions are taken on proposed trunk road schemes. The factors include savings in journey time and changes in noise which *may arise* as a result of a scheme going ahead.

- The Government's white paper on the road programme is likely to be published towards the end of next month. The report is almost certain to recommend rapid completion of the M25 orbital motorway around London.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● HANDLING

Will stand up to abnormal shocks

SOLVING a number of severe *problems, a special* heavy-duty loadcell weigher designed to accommodate abnormal shock loading has been set up by Richard Simon and Sons in one of Belgium's most modern integrated steelworks.

The installation, at the N.V. Sidmar works in Ghent, weighs *hot ingots*, on-line, direct from the soaking pits prior to rolling in the primary mill. This company required a machine which, in normal operation, would directly support a section of driven roller table; subjecting the weigher to considerable shock loading. Additionally, the weigher had to accommodate abnormal shock loads caused by ingots being dropped on to it accidentally.

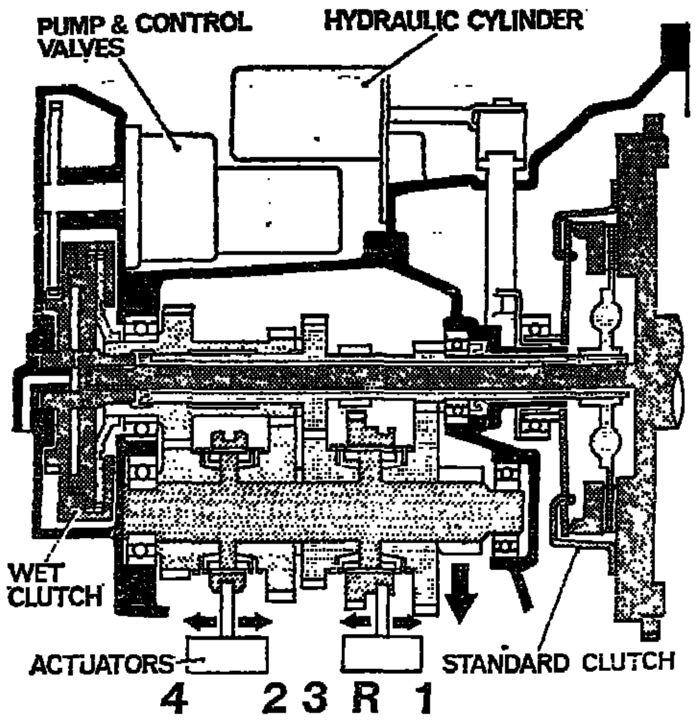
The 40 tonne weigher will support abnormal shock loads without undergoing damage or loss of performance.

Ingot weight is transferred indirectly to four heavy-duty compression loadcells via specially forged spring steel beams equipped with hydraulic dampers. Excessive loads are transferred to buffer stops located at the centre of each spring beam.

Weight of an ingot is indicated on digital displays at various locations and trans*ferred to the central computer.* The nominal gross capacity of the scale is in excess of 120 tonnes. This capacity consists of 80 tonnes tare weight and a nett weighing capacity of 40 tonnes by 10 kilogram increments.

Since installation the in-service accuracy has been within 20 kilograms. Frequent checks have proved that the calibration has been maintained and the availability has been virtually 100 per cent.

Richard Simon & Sons (Dobson Group), Park Lane, Basford, Nottingham. 0602 277721.



While several manufacturers of automatic gearboxes have announced that they are seeking to develop automatics that will be as economical as manual units, Automotive Products of Leamington Spa has stolen a long march with the layout shown here which has already been extensively tested and translated into hardware. Described by our Motoring Correspondent yesterday the new design must appeal strongly to the makers of the smaller cars appearing in increasing numbers on the roads as fuel costs bite deeper. This is because power losses through the box are cut by at least 75 per cent compared with standard automatics. the engine moving up smoothly through its power curve at all times. As important is the relative simplicity of the design which also allows producers to make the units on normal gearbox capital equipment with *minimum alteration to* tooling.

● MATERIALS

Combats marine corrosion

CONSULTANT engineers to the *British National Oil Corpora*tion, Taywood Santa Fe, have specified neoprene elastomeric coatings from Webco Industrial Rubber of Aberdeen for the splash zone protection of main and satellite marine riser installations on the Beatrice Field.

The coating has been designed by *Webco to combat the effects* of marine growth, corrosion, oxidisation and general wave movement erosion. It is claimed to perform better than exotic metal and double skin protection techniques and will be applied in one inch and half *inch thicknesses at Webco's Aberdeen factory to the marine* riser pipe prior to installation offshore.

Webco Industrial Rubber, who are believed to be the only European-based supplier of machine-applied neoprene elastomeric coatings for splash zone *protection, carry out pipe* coating applications both from the company's Aberdeen base and on locations at major fabrication yards.

Webco, Greenbank Place, Tullos, Aberdeen. 0224 871595.

● TEXTILES

New look in carbon fibres

FEARS ABOUT processing asbestos and the health hazards which surround it have caused manufacturers to seek alternatives.

One possible replacement is carbon fibres, but at present these are expensive as production has tended to be confined to a *limited number of large* producers.

This situation could well change. Comparatively small producers are understood to be making carbon fibres in both France and the U.S.

Aiding the production of this fibre is a range of equipment made in West Germany by Seydel and Co. (British agent: Allertex, Paradise St., Bradford BD1 2HP) and which is used for stretch-breaking a continuous filament tow.

The basic raw material of carbon fibre is acrylic tow. This is taken through the Seydel equipment and given a high amount of stretch which aligns the atoms in the tow to give them a substantial level of orientation and, with it, great strength. This tow is then *wound up into a large package* of about 100 kg.

In this form and while still stretched, the tow is placed in an oven from which all oxygen is excluded, and converted in an inert atmosphere into carbon fibre tow.

Once the package has cooled *it may be reprocessed on the* stretch-break system which *quickly converts the fibres into* any desired staple diagram. The ease with which this can be done is aided by the fact that there is virtually no stretch in the carbon fibres.

Once in staple form, the fibres may be spun into a yarn and converted either by weaving or *knitting into the desired* fabrics.

● SECURITY

Hints on defeating crooks

USEFUL to householder and industrialist alike is a *booklet* which explains to both how the risks to their property can be reduced by sensible selection and use of alarm systems and equipment.

The booklet pinpoints these risks and in clearly illustrated form shows how these can be countered *in a typical residen*tial and commercial property.

Among the equipment described is the System 8000, a microprocessor-based security array designed for use where security is vital.

Other equipment described is Internet, a service providing 24-hour protection of high-risk areas through Chubb's own central control stations; Interdial, an automatic telephone dialling device, again linked to a central station; and CCTV, a remote controlled camera system that is currently being used effectively in shopping precincts, large stores and warehouses.

Chubb Alarms, 42 Hersham Road, Walton-on-Thames, Surrey KT12 1RY. Walton-on-Thames 43851.

● COMPONENTS

Peristaltic actuator

UNUSUALLY long strokes can be obtained in an acutator from Kay Pneumatics which makes use of peristaltic pump principles.

The device consists of a length of special *air hose sealed* at both ends with plugs incorporating air inlets. A rolling piston with a pair of pinch rollers is clamped across the hose and travels along it under the influence of internal air-pressure. The rollers are spring *loaded to compensate for irregu*larities and wear. Provision for hose tensioning is built into one of the end-caps.

Stroke range is virtually unlimited—from the practical minimum of 250 mm up to 38 metres—the maximum sensible length of hose.

It is claimed that the hose and roller combination the company has evolved has a life exceeding that of a quality conventional pneumatic cylinder.

The company believes that with this system, which it has named Rol-Air-Mota, it is able to *offer a useful alternative to* sprockets, chains, gearboxes, electric linear actuators and other more expensive alternatives. Applications for which the device has already proved suitable include packaging, mechanical handling and door operation.

The two bore sizes available are 25 mm and 45 mm, giving thrust equal to conventional pneumatic cylinders of the same size. But to achieve a greater thrust, the units can be ganged together—and with no need for the critical alignment necessary when coupling conventional pneumatic cylinders.

Kay Pneumatics, London Road, Dunstable LU6 3DL (0582 609292).

Quality motors

HIGH PERFORMANCE direct current motors with laminated magnetic construction and high performance for application in machine tools, process control, *paper conversion* and similar areas have been put on the market by Contraves Industrial Products, Station Approach, Ruislip, Middlesex HA4 8LH (08956 30196).

Called the G series and covering the power range 6.5 to 170 kW (at 1,500 RPM), the new motors are based on an extremely rigid assembly in which the flange, body and feet are manufactured as a single casting. Cooling can be by either radial or axial fan with provision for a filter to be mounted at either end depend*ing on the selected air flow* direction.

Torques developed range from 41 to 1082 newton-metres at armature currents ranging from 20 to 472 amps.

Noise levels are kept low in these machines by large air gaps which create a low internal *speed and by a very well*-balanced shaft which minimises vibration.

● ENERGY

Heaters to save gas

Supatube-80 radiant heating elements designed by British Furnaces to save gas costs have been used to convert a number of furnaces during the past 12 months. Following these conversions, bonuses have been achieved with increased-heating rates and additional production from the furnaces.

For instance, Electro Heat Treatment of West Bromwich, reports improved output after converting a sealed quench furnace to heating with Supatube-80. This company has two units working side by side which are used for the general heat treatment of a wide range of products. Since conversion of one of these it can achieve one or two extra loads per day, depending upon the weight and density of the charge. This means an increase in output of between 7½ and 15 per cent.

Normal charge is 750 lbs and recovery time back to the normal operating temperature of 850 degrees C. has been reduced by 29 per cent. The gas saved by more efficient burners and the recuperators fitted inside the Supatube-80 is a bonus. Important with the new burner system, says Electro Heat, is cooler burner pipework at the back of the furnace and the lower exhaust gas temperature, which shows the efficiency of the heat exchangers.

After conversion, a larger furnace installation than the above has given 35 per cent faster heating combined with better than 40 per cent metered fuel saving.

For standard furnaces the conversion is in kit form, complete with modern control equipment to meet Gas Board safety standards. Down-time for the conversion is usually no greater than 10 working days.

British Furnaces, Derby Road, Chesterfield, S40 2EB. 0246 76751.

● DATA PROCESSING

Simplifies planning meetings

IT'S POSSIBLE that the monthly business planning *meeting could* become a lot more effective with the latest version of Simplan, the planning, modelling and reporting computer system offered by Lowndes Ajax Computer Service.

*Armed with a suitable ter*minal the board, or some other meeting of managers can answer questions of the "goal seeking" variety; for example, what sales do we need for April to achieve a profit of x, 2x or 3x pounds? A one line command keyed into the terminal will produce the answer to this and similar questions in seconds.

New models for "risk taking" are now also available. Basically, they will enable managers to get away from having to judge an outcome based on only one, or perhaps *two or three sets of* figures (bad, median and worse). With the risk analysis programs, the decision maker can see the risk attached to every combination of alternatives. Once again, the results are immediate.

Another powerful new addition is "sensitivity analysis" in which one can see the effect of changing one variable on all the other variables.

A typical question might be: "What effect will a 1 per cent change in the running speed of a machine or line have on fixed costs per hour, stocks, sales and profits." In this way it becomes possible to identify the critical factors in a business and enable management to set targets of known effect.

Lowndes-Ajax Computer Service is at Milton Road, Croydon CR9 2XG (01-689 2244).

● INSTRUMENTS

Intelligent handling of waveforms

DEVELOPMENT of increasingly complex and advanced electronic circuits employing more and more integrated devices demands quick and convenient examination of all the waveforms involved.

Oscilloscopes to do the job have had to advance in parallel and the latest offering from Tektronix has reached the point where all the steps of a required measurement can be programmed and kept in solid state store, to be used at the push of a button whenever needed.

The measurement will take only a few seconds and the result will be displayed on the screen underneath the graphics.

Traces are displayed conventionally, but using an optional memory up to 40 of them can also be stored along with measurement programs so that past results can be seen for *comparion. Single-shot* traces can be kept and if necessary the preceding trace data can be displayed using a delay option.

For repetitive testing sequences, key-stroke programs of up to 1,000 lines can be written. The instrument is also capable of carrying out programmed calculations on the measurements; it can be set to monitor signals in the user's absence.

More processing of the waveforms and data can be carried out by connecting the company's graphics computing system. Using extended BASIC, complex programs can be written.

Tektronix, Beaverton House, P.O. Box 69, Harpenden, Herts (05827 63141).

GEOFFREY CHARLISH

Tester can keep records

PERMANENT RECORDS of *tests are provided by the Robert*son Research portable self-contained hardness tester, which was developed from a prototype produced by Shell Development Company for inspection of structural steel.

Weighing only 2 kgs, includ*ing an adjustable magnetic base* for attaching the instrument to the equipment being tested, the unit can be used in any orientation on flat or curved surfaces in areas of limited accessibility.

It operates on the principle of forcing conical indenter tips of known hardness against the test piece after a small flat circular area has been machined using the cutter supplied.

Test work can be carried out on-site but the evaluation of the indenter tips may be completed in an office. It is the retention of these tips that provides the permanent record of tests.

Applications for the tool include manufacturing, construction and routine inspection of ferrous metals.

Robertson Research Engineering Services, Ty'n-y-Coed, Llanrhos, Llandudno LL30 1SA. 0492 81811.

A thousand electrodes make traces

UP TO 16 relatively high frequency high accuracy traces can be made on low cost paper *in the latest electrostatic re*corder released by Gould.

High resolution is produced in the ES1000 by means of a linear array recording head consisting of 1,000 separate electrodes which are actuated digitally and which can also write alphanumeric annotations *on the graphs.*

The design eliminates the problems of inertia encountered on conventional pen recorders and allows the full frequency response to 10 kHz to be achieved regardless of the trace amplitude of the number of channels being written. Each trace can cover the full 250 mm of the usable chart width.

Designed on a modular basis, the recorder can accept both analogue and digital inputs, has a variable grid marking facility and has transient characteristics that enable it to record any pulse longer than 40 microseconds at full amplitude.

Gould Instrument Division, Roebuck Road, Hainault, Essex 1GU 3UE (01-500 1000).

Avo moves down market

DETERMINED to capture a share of the rapidly expanding market for relatively cheap hand-held digital multimeters, Avo is now offering Japanese made products at £45 and £65.

An Avo spokesman made the point that with its design staff fully engaged on other instruments that lie near the more professional end of the market a sensible way to gain a toe-hold is to bring in good quality Japanese items. It is understood that the move is of an interim nature, the intention being to manufacture such items at Dover in due course.

Least expensive unit is the DA211 which follows the increasingly popular design of having a row of selection buttons down the left hand edge so that the instrument can be operated with one hand. It covers AC and DC voltage to 1000 V, current to 10 A and resistance to two megohms. Accuracy ±0.8 per cent of reading plus or minus one digit.

Model DA212 has the more traditional rotary switches, a more comprehensive specification and an accuracy of ±0.25 per cent plus or minus one digit.

Also introduced, and designed and built at Dover is the DA117, an improved version of the successful DA116.

It has fast autoranging for all the measurements including current — settling time is less than one second. Both AC and DC voltage is covered to 1000 V, current to two amps (10 A manual) and resistance to 20 megohms.

The instrument is interesting in that it uses a CMOS large scale custom designed integrated circuit from GEC Semiconductors. The auto-ranging facilities yielded would, says Avo, have required some 50 standard ICs. Bulk is reduced and the battery life (four HP11 dry cells) is about 400 hours. Price is £135.

More from the company at Archcliffe Road, Dover, Kent CT17 9EN (0304 202620).

Controls groups of instruments

WHERE A number of different instruments have to be brought into play in general measurement, production test, or on calibration benches, the 1720A controller from Fluke offers an interactive touch-sensitive CRT display for operator guidance with floppy disc built *in* for measurement program storage.

Provided that the instruments have the necessary interfaces they can be brought together on IEEE-488 and RS-232C bus systems so that a programmer-engineer can construct test sequences and the operator can be guided through them from the instructions and data on the screen.

Once a procedure is programmed into the 1720A, the operator interacts directly with the display which responds in simple English (or other *languages*). He then moves through the sequence simply by touching appropriate parts of the touch-sensitive screen face.

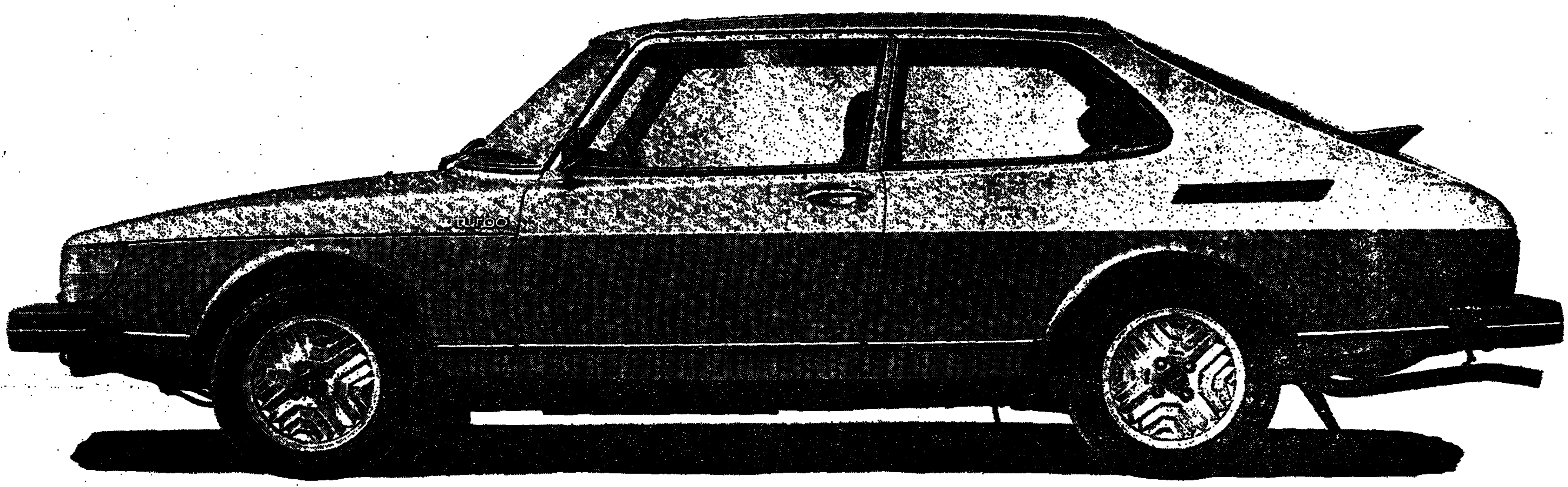
Longer programs and higher speed can be obtained by an optional add-on program memory in solid state, addressable by the disc. Then, programs on the floppy can be down-loaded on to the solid state memory for faster access.

Fluke International Corporation, Colonial Way, Watford, Herts.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

What Car? - 1980

"Best Directors Car"



"The advent of the Turbo and the 900 series have transformed Saab and put them right at the forefront of the prestige car market.

Longer and more sophisticated than its predecessor, the 900 is very much in the "Directors" class. Performance is, of course, superb; the boosted engine doesn't have the standing start snap of larger capacity rivals but it can't be beaten for mid-range punch. For a big, front-drive car it can also be hustled through corners very smartly, thanks in great part to the excellent power steering and the grip of the low profile Pirelli P6 tyres. But it is practical virtues that complete the Saab so well: the comfortable seats, the smart new fascia and, of course, the massive carrying capacity of its hatchback design. What is more, the Turbo combines speed, quality, practicality and comfort with a degree of economy and realism never before found."

What Car? - APRIL '80

SAAB turbo

Born to Lead

Saab (Great Britain) Limited,
Saab House, Marlow Bucks. SL7 1LY. Tel: Marlow (06284) 6977. Export Enquiries – Tel: 01-491 2905.
SAAB Fleet Enquiries – Tel: Chesterfield (0246) 450244.

SAAB 900 Turbo. 3 and 5-door hatchback, simulated urban driving – 20.3 mpg; (13.9 litres per 1/100 km); constant speed driving 90 kph (56 mph) – 41.2 mpg (6.9 litres per 1/100 km); constant speed driving 120 kph (75 mph) – 32.5 mpg (8.7 litres per 1/100 km).

UK NEWS

Rate rises 'threat' to small traders

BY ROBIN PAULEY

HIGH commercial and industrial rate rises *in 1980-81 could force* some small businesses to close down, says the National Chamber of Trade.

The latest calculations by the Chartered Institute of Public Finance and Accountancy suggest that commercial and industrial rates in England and Wales are likely to rise by an average of 22 per cent. The rise in inner London is likely to be 24 per cent, and in the metropolitan authorities 23 per cent.

Mr. *Les Seeney, Director* General of the NCT, which represents 600 trading communities around the country, said: "In the past ten years an incredible number of small businesses have gone under and rate increases have been a factor. The new increases, coupled with all the other rising charges facing businessmen, will undoubtedly be the last straw for some.

"Rate rises stand no comparison with inflation. Some small businesses are paying thousands of pounds a year in rates where they were paying only a few hundred ten years ago. Every year some decide they cannot make it, when they also consider rent rises, gas, electricity and water rises," he said.

Mr. Peter Bolton, home affairs spokesman for the London Chamber of Commerce, said the trend to very high rating levels for commercial and industrial properties would force more and more businesses out of inner London boroughs.

The Confederation of British Industry said it was extremely concerned. Earlier this year, it had unsuccessfully pressed Mr. Michael Heseltine, Environment Secretary, to put a cailing on business rates.

The Retail Consortium said an inevitable result of the 1980-81 rate rises with rent rises and high interest charges, would be the closure of more small shops.

There are about 750,000 small non-domestic ratepayers in England and Wales. The rate payment by the large and small non-domestic ratepayers in 1978-79 was £3.4bn — only slightly less than the £3.5bn produced by corporation tax.

A report on non-domestic rates by Coopers and Lybrand, management consultants, says the Government should consider making the first £250 of all non-domestic rateable values free of rates, and consider ways to grant rate relief to small firms in the first year or two of business.

Late delivery for four Sealink ships

BY LYNTON McLAIN

DELAYS to Sealink ships at Harland and Wolff, the Belfast shipyard, are expected to cost British Rail millions of pounds in lost revenue from ferry operations this summer.

Mr. Michael Bosworth, the deputy chairman of British Rail and chairman of *Sealink UK*, said yesterday at the naming ceremony of the St. Christopher —destined for the Dover/Calais route—that all four ferries now on order from the yard are late.

One vessel, the Galloway Princess for the Larne/Stranraer route, is 10 months late—the St. Christopher is three months late.

Both ships are wanted for operations this summer to help *capture a rising share of the* holiday traffic.

The delay to the St. Christopher is particularly worrying as Sealink is involved in a price war with independent operators on the busy cross-Channel routes.

But Sir Brian Morton, the chairman of Harland and Wolff, defended the yard's delivery *record*.

He said: "We are behind time on the ships, but remember, a ship is meant to last 20 years. We would rather get it right now even if we are a bit behind with delivery."

Adjusting

The yard won the jobs because of its "record in fitting out pasenger ships." But Sir Brian said the company had been building tankers and "it *takes time to adjust back to* doing passenger vessels."

Nevertheless, Mr. Bosworth urged the company to finish the ships "in time for the summer holiday trade."

● British Rail is testing a Norwegian high speed catamaran ferry on its Sealink services to the Isle of Wight.

Trials of the 30 knot, all-aluminium diesel-powered boat started this week between Portsmouth and Ryde.

Captain Leonard Wheeler, the manager of the Isle of Wight service, said yesterday that a final decision on the Norwegian craft would be made by the BR Board.

British Rail said that a 350-seat version of the craft—built by Westamarin at Mandal, Norway—would cut the journey time by half. Two such craft would replace three conventional ferries.

Toy company calls in receiver

BRITAIN'S only manufacturer of steam-powered, scale-model toys, Malins Mamod, of Brierley Hill, West Midlands, has been put in the hands of a Receiver.

The company, which recently invested about £150,000 in developing the first steam-powered model train to be marketed since the 1930s, is a victim of the slump in the toy industry which has also hit Meccano, Dunbee-Combex-Marx, and others.

The new train's development costs and poor sales at Christmas are blamed for the company's failure.

Mr. Alastair Jones, the Receiver, said yesterday he intended to sell the company's assets as a going concern. Several inquiries had already been made.

Malins (Engineers) employs about 120 people and has an annual turnover of about £900,000.

Mr. Jones said: "The prospects for the company are quite good. It has a lovely product, which is unique in the UK and probably in the world, but sales have not been buoyant."

Exports have fallen recently from *about 40 per cent of sales* to 25 per cent, largely as a result of sterling's strength, but foreign demand for the new steam train is expected to be strong, particularly from the U.S. and Australia.

The train, which is due to go on sale within a few weeks, will cost about £59 in Britain. It will run on 16 ft of track. Mamod hopes that accessories will lead to substantial off-season demand, an important factor for toy companies.

The Mamod range includes steam traction engines and a steam car, but Malins' main hopes rest on the new train,

Hugh Routledge

A steam tractor which is part of Malins' Mamod range.

which has been well received at recent toy fairs.

Mr. Eric Malins, son of the company's founder, said: "We had talks with other companies before the axe fell but did not reach any agreement. We hoped the new product would save us but we needed more funds to tide us over."

Prudential and Newman costs order decided

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR. ALAN BARTLETT, Mr. John Laughton and Thomas Poole and Gladstone China (TPG) have been held "jointly and severally" liable for the costs—unofficially estimated at about £350,000 — incurred by Prudential Assurance and Newman Industries in their marathon High Court action.

In his judgment last month Mr. Justice Vinelott held that Mr. Bartlett, who was dismissed as Newman's chairman last *week, and Mr. Laughton, Newman's* former vice-chairman, had conspired to benefit TPG, of which they were also officers, at Newman's expense.

The two men used trickery and deceit to ensure the take-over by Newman of assets and liabilities of TPG which, said the judge, had been over-valued by at least £450,000.

The total costs of the action, including those of the defendants themselves, have been unofficially put at around *£750,000*.

The "jointly and severally" costs order means that Prudential and Newman could seek to recover all their costs from one of the defendants, who could then ask for contributions from the other two.

However, in practice, they are more likely to approach all three defendants, initially. Any dispute between Mr. Bartlett, Mr. Laughton and TPG as to their respective liabilities would have to be the subject of a separate court hearing.

The judge yesterday deferred *an inquiry into damages pend*ing appeal. Mr. Bartlett's lawyers are preparing his notice of appeal. Mr. Laughton is understood to be intending to appeal, and TPG's counsel said yesterday that the company was considering appealing.

The inquiry will be into the amount of damages due to Newman as a result of the judgment. Prudential, a minority shareholder in Newman, has indicated it is unlikely to pursue its direct claim for damages, *on the basis that Prudential* will benefit indirectly from any compensation paid to Newman.

Aston Martin prices up

PRICES OF the three models in the Aston Martin V8 range will rise an average 13.5 per cent on April 1. The company's last increase, in November, was just under 5 per cent.

The V8 Aston Martin saloon goes up from £29,998 to £34,498, the V8 Vantage from £32,499 to £36,999 and the V8 Volante from £37,999 to £42,499. The price of the Lagonda remains £49,933.

Two sales of Victorian art disappoint

SALEROOM

BY ANTONY THORNCROFT

THERE were two important sales of Victorian art in London yesterday, at Christie's and Sotheby's. Both were rather *disappointing*.

Christie's sale of English drawings and watercolours included another Arab scene by John Frederick Lewis, "And the prayer of faith shall save the sick." It was bought in at £35,000. Last year similar watercolours by Lewis were selling at up to double this.

In contrast, the Haldimand collection of English watercolours did well, bringing in £143,360. The collection, formed between 1826 and 1828, had sold previously at Christie's in 1861, when it was acquired by Agnews for £1,500.

Top price was £24,000 from Bartman, the London dealer, for Oyster beds at Whitstable by Turner. The same dealer acquired a Constable, Beston Bridge, Salisbury, for £9,000.

Reed, another London dealer, paid £10,500 for Grandpa by Richard Bonington, while Spink bought The Thames from Henley for £5,000. The day's total was £320,105.

At Sotheby's Belgravia, one owner raised his reserves just before the auction of fine Victorian paintings and many of his works failed to find buyers. In all, 19.7 per cent was bought in and the sale had a gross total of £420,500.

To prices were £10,000, plus 11.5 per cent buyer's premium and VAT, for Venezia, an 1859 view by Edward Cooke; £6,500 for A farmyard picnic by Edgar Hunt; £5,800 from Christopher Wood for The old watermill by Frederick Watts; £5,500 from Trio Publications for Heave away by William Wyllie and the same amount by Omell for Whitby Harbour, 1840, by John Carmichael.

Elsewhere, on a busy day, Christie's sold an Hawaiian feather cape for £18,000, well above forecast. The feathers were from birds now extinct A rare Ashanti gold-mounted cap and sandals, of about 1870 and expropriated by British forces in 1874, sold for £12,000. An Hawaiian crested helmet realised £8,500. The tribal art sale totalled £136,088.

There were some good prices at Sotheby's auction of Chinese export porcelain. Marlborough Fine Art bought a 72-piece pseudo-tobacco leaf part dinner service for £20,000. A Compagnie des Indes goose tureen and cover fetched £16,000. A Peking enamel snuff bottle of Ch'ien Lung period made a remarkable £10,500.

At Phillips, an ebony striking bracket clock by the 18th-century George Graham was sold for £11,000.

Howe confirms EMS doubts

BY DAVID MARSH

SIR GEOFFREY HOWE, the Chancellor of the Exchequer, has given further clear indication of the Government's strong misgivings about linking sterling to the European Monetary System.

This comes three weeks after Herr Helmut Schmidt, the West German Chancellor, asked Britain to reconsider at a meeting with Mrs. Thatcher in London.

Sir Geoffrey said in an interview with the German financial magazine Wirtschaftswoche that Britain still does not think the time is ripe to join the EMS.

The scheme links EEC currencies within a series of fixed bands of fluctuation. It was set up a year ago with all Common Market countries except Birtain taking part.

Sir Geoffrey pointed to sterling's sharp fluctuations in the past few months and said the pound's volatility would make entry difficult.

Britain's high inflation rate compared with its EEC partners, and the possibility of further capital flows from the UK following the abolition of exchange controls, were additional factors mitigating against joining.

Sir Geoffrey's comments confirm the impression that the Government will not be ready to join the system until it has had more success in bringing down inflation and monetary growth.

Tussle

Sir Geoffrey had another chance to discuss EEC questions—particularly Britain's wrange over its budgetary contributions—in talks at No. 11 Downing Street last night with Mr. Alphons van der Stee, the new Dutch Finance Minister.

Britain hopes for Dutch support in its fight for substantial cuts in its projected £1.2bn budget contribution this year.

The budgetary tussle will be one of the main issues at the Common Market summit in Brussels at the end of this month.

Recession 'likely to bottom out next year'

By David Marsh

THE ECONOMY stopped expanding at the end of last year, but the recession is not expected to reach its trough until the beginning of 1981.

This is the broad message in the latest batch of cyclical economic indicators released by the Central Statistical Office yesterday.

Its composite index of longer leading indicators, which looks ahead to turning points in the economy in 12 months' time, rose slightly in February after falling continuously in the second half of last year.

This offers tentative hope of an improvement in the economy in 12 months' time. The longer leading index has been broadly flat for the last three months. But the CSO cautions that it is too soon to talk about a turning point because not enough components of the index are yet available to make a precise assessment.

The main factor boosting the index last month was the strong rise in share prices, which offset a further rise in short term interest rates.

The index of shorter leading indicators, which points to prospects in the next six months, provides no indication of any short-term improvement in the economy.

After dropping steadily since *last May, it fell again in* January, depressed particularly by the rise in bankruptcy figures reported for the final quarter last year, and by falls in new car registrations and credit granted.

The composite index of lagging indicators fell again in February as unemployment rose and notified vacancies fell. The index of coincident indicators, which is meant to be broadly in line with the business cycle, *fell in January, with buoyant* retail sales offset by an increase in firms reporting below capacity production.

Irish should be 'aliens'

IRISH citizens living in Britain should be classed as "aliens," a report on British nationality by the Outer Circle Policy Unit said yesterday. This would not affect their voting or employment rights.

But future children would be able to vote only if there was a deal between the two countries' governments, or if they applied for British citizenship. Another of the report's recommendations is that being born in the UK should not be enough to earn British nationality.

EFFECTS OF THE STEEL STRIKE

Rail union's delivery is blocked

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE WEST Midlands steel stockholder which won a High Court order for release of more than 500 tonnes of "blacked" steel from British Rail freight depots told lorry drivers to take the steel back yesterday.

Mr. Ernst Pleyer, joint managing director of Howard E. Perry, said last night because the Transport and General Workers' Union in the factory refused to unload the steel, National Union of Railwaymen drivers had been told to return the consignment to their terminals.

The NUR obeyed a court order to release steel held at depots at Wolverhampton and Brierley Hill.

Mr. Jim Edwards, Wolverhampton branch secretary of the NUR, said 13 lorries carrying the steel were intercepted by the police half a mile from the Perry plant.

After waiting for half an hour, Perry's transport manager arrived to say there was no point in continuing the journey because of the TGWU decision.

Mr. Edwards said the 13 NUR drivers were under national instructions not to cross the picket of about 250 steel workers at Perrys. "But the situation never arose as our members were told to turn back," he said.

Mr. Pleyer said the loss of the steel would have "a great effect" on the company, which by the middle of next week would have to consider laying off the 140 workers.

BSC starts discussions on sales of overseas investments

BY ROY HODSON

BRITISH STEEL has net assets of £145m in overseas mining, steelmaking, engineering, and marketing activities. It is now eager to sell some of them to help finance the fundamental retrenchment of main-line steelmaking in Britain.

The investments are widely scattered round the world. They were largely inherited from the 14 British companies taken into public ownership.

The biggest addition to the *overseas holdings since nationa*lisation has been the acquisition of a 42 per cent holding in the Canadian group Sidbec-Normines which is developing a U.S.$500m iron ore project at Fire Lake, Quebec, Canada.

Last year British Steel (International), which manages the overseas portfolio, paid a dividend of £3.8m to British Steel, representing 80 per cent of the profits derived from overseas investments.

Because many of the overseas *businesses were inherited, they* do not represent any particular industrial logic, though they make British Steel—now fourth in the world league of steel companies—one of the biggest international investors in iron and steel and associated activities.

Many of the holdings are in subsidiary and associated national companies covering electric arc steelmaking, steel-based manufacturing including tubemaking and heavy engineer*ing, and distribution.* Often they sell steel made by local steelmakers or enhance the value of locally produced steel by conversion into steel products.

The marketing companies overseas are mainly in business to market or distribute British Steel's exports from the UK. But there will be big changes in the scale of their activities if the corporation implements its new strategy of reducing its level of exports from 3m tonnes a year to perhaps only 1.7m tonnesa y ear by focusing only on export business which can provide adequate profits.

The Fire Lake iron ore venture is regarded as a long-term investment by British Steel for securing raw materials. It is not likely to be sold. Neither is the corporation likely to pull out of its holding in ferro-chrome—a vital raw material.

Services

British Steel Corporation (Overseas Services) is also expected to continue providing technical and project management services for the construction of new steel works. British Steel has been working closely with the UK steelworks plant makers.

Sir Charles Villiers, chairman of BSC and Sir John Buckley, chairman of Davy International, still hope of building a steelworks in China.

The discussions taking place over the sale of some of the overseas investments relate to the Pacific Basin, Indian, or perhaps South African, theatres.

British Steel has a 29 per cent stake in Tubemakers of *Australia, which employs 7,400* at 18 sites. Pacific Steel of New Zealand, 16 per cent owned by British Steel, makes bars and rod by the electric arc route. It employs 2,750.

British Steel also has a 27 per cent holding in Steel and Tube Holdings of New Zealand, which employs 2,300 in stock-holding and steel products distribution.

In India British Steel has 40 per cent of Stewarts and Lloyds of India, the leading pipework engineering company, a one-third holding in Iisco Stanton Pipe and Foundry company, employing 500, and a 40 per cent holding in the Indian Tube company which employs about 4,600 making tubes and *cold rolled strip.*

British Steel's South African holdings include a local BSC holding company for various interests called the British Steel Corporation of South Africa. That holding company has 35 per cent of International Pipe and Steel Investments South Africa (Pty). British Steel also holds 21 per cent of Stewarts and Lloyds of South Africa, which has 18 operational sites in South Africa and many trading outlets.

Dorbyl is the largest heavy engineering group in the southern hemisphere, with 21,500 employees in South Africa. British Steel holds 22 per cent directly and indirectly through International Pipe and Steel.

Also in South Africa, British Steel has 7 per cent of Consolidated Metallurgical Industries, an unquoted company set up to produce ferrochrome.

British Steel would undoubtedly be glad to raise some *money within the next 12* months by selling portions of its South African investments. But current indications are that it is much more likely the corporation is discussing sales of assets in Australia, New Zealand, or India.

Sir Richard Marsh hits out at union 'mandarins'

STEEL STRIKE leaders should summon up courage to admit they had led their members into a "disastrous mess," and lead them back to work, Sir Richard Marsh said yesterday.

Sir Richard, chairman of the British Iron and Steel Consumers' Council, said:

"If any group of managers showed the same indifference that the union leaders display towards the hardship they have inflicted on the unfortunate steelworkers, they would rightly have been fired.

"An ever-increasing number of loyal trade unionists in the steel-using industries face a steadily growing threat to their jobs and the living standards of their families."

Sir Richard said the reason for continuing the present dispute was more than anything else the near-total lack of any sort of positive leadership from the "mandarins" of the trades union movement.

He said in this year's wage round employees of more than 50 per cent of the Confederation of British Industry's member-companies had settled for 15 per cent or less.

"Who can justify BSC workers getting more in the present state of their industry," Sir Richard said.

South Wales picket arrests

THERE WAS more trouble on picket lines in South Wales yesterday. Thirty-two pickets were arrested in incidents outside two private steel-making plants which resumed work recently.

In Newport 21 pickets were arrested outside the Alpha steel-works as police tried to clear a path for lorries. One policeman was taken to hospital with concussion.

The arrested men were charged with obstruction and resisting arrest.

Another 11 pickets were arrested outside Duport's steel plant in Llanelli.

Unit trust sales fall as investors cash in

BY TIM DICKSON

SMALL INVESTORS again cold shouldered unit trusts last month—and for the third time in a year there was more cashing in than buying.

Figures released yesterday by the Unit Trust Association (UTA) showed new sales last month, at £34.6m, were marginally down on January's £35.5m. More disappointing was the level of repurchases (units cashed in), which reached £36.8m last month, the highest since April last year.

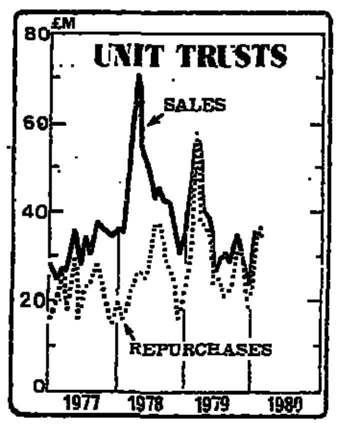
The result was a net outflow of money from unit trusts of £2.1m, compared with a net intake of £1.1m in January and £12.5m in February a year ago. The movement also suffered from net redemptions in March and November last year, when net new money was £58m—the lowest since 1962.

Unit trust managers have been expecting an improvement for some months, but it appears continuing high interest rates, the unexciting short term outlook for UK equities and uncertainty ahead of the Budget have continued to defy their more optimistic predictions.

"Given these factors, I am not surprised to see February's figures," Miss Audrey Head, chairman of Hill Samuel Unit Trust Managers, said yesterday. "There is realy very little business around apart from the cash flow from regular savings schemes. People may be continuing to cash in their investments, but it is definitely not having a snowballing effect."

Miss Head said the March figures are unlikely to be much better "because nobody is going to do anything much ahead of the Budget."

Gartmore's Adrian Collins is particularly scathing about the



influence of high income bonds, which rely to a great extent on life insurance premium relief for their high return and which, he says, are being marketed extremely aggressively.

Mr. Cholmeley Messer, chairman of the Unit Trust Association, said the figures were much as he expected in view of the credit squeeze—which had contributed to the level of repurchases—and the attractions of high income alternative investments.

Mr. Messer stressed that the Budget will not transform the outlook overnight. But he sees any reduction in the burden of capital gains tax and changes in the rules governing unit trust investment in gilts as two changes which would give a long term boost to the movement.

The UTA figures yesterday showed the value of funds at the end of February to be £4.39bn, against the end January total of £4.28bn.

The February sales figure includes the initial launch of Lloyds Smaller Companies and Recovery Trust.

Consumer credit offenders pay refunds

CREDIT AND rental companies which have broken the Consumer Credit Act, 1974, have been ordered to make refunds of more than £1m by the Office of Fair Trading.

But Mr. Gordon Borrie, Director of Fair Trading said yesterday the consumer credit-licensing system set up by the Act had raised standards of conduct in the credit industry. Refunds were an unexpected spin off, producing compensation for consumers who had been wrongly treated.

Companies concerned had repaid £935,000. Several had given assurances, backed by audited accounts, that they had stopped bad practices.

The licensing process had revealed various "deceitful, oppressive, unfair or improper" practices. Mr. Borrie said. These practices caused clients to pay more than they should.

But licensing had *shown the* great majority of companies and individuals concerned with credit and hire had observed high standards.

The OFT has power to refuse, suspend, or cancel a licence for credit trading at any time, if there are grounds. Mr. Borrie said this was a constant safeguard.

But there should also be emphasis on publicising under-emphasis on publicising undesirable *practices, as a warn*ing and example to the public and the companies.

Examples cited include charging interest on money not advanced; variation of interest rates in breach of contract, failure to check accounts after a company admits error; absence of satisfactory information for consumers; and unfair practices on voluntary termination of car credit agreements.

Strike pay collected for air controllers

BY PHILIP BASSETT,

EASTER industrial action by air traffic controllers in municipal airports now seems more likely following a union rally yesterday at which about £10,000 was colected to give strike pay to the controllers over the holiday period.

About 2,000 delegates from the National and Local Government Officers Association were at the rally in London in support of the industrial action being taken by some 560,000 local authority white-collar staff over a 10-22 per cent comparability claim. The employers have offered 6-12 per cent.

Mr. Mike Blick, chairman of the union's local government committee, said response had been remarkable. He said calls for action to be stiffened would be taken into account by the union's executive.

He acknowledged the employer's refusal to improve their comparability offer, and said NALGO was prepared to make a fight of it. He said: "We are entrenched now."

Delegates approved a motion proposed by Mr. Blick, which said members were determined to respond "*immediately and massively*" if individual members were "victimised by employers."

The motion follows guidance to councils handling the dispute. They include suspension of staff who refuse to perform normal duties.

The "guidance" says that councils must take into account their own particular circumstances and the practical effects of industrial *action and the employers'* legal rights.

It points out that there are circumstances in which an employer is not obliged to reinstate staff when strike action is over, but says that in practical terms there is normally a keenness, instead, to return to work.

It says there is no known way for the employers' to reduce the pay of staff if they refuse to work normally, and includes a copy of the guidance on handling disputes prodused last year by the Department of Health and Social Security.

Clegg details award for airport workers

BY PHILIP BASSETT, LABOUR STAFF

MUNICIPAL AIRPORT manual workers were yesterday awarded substantial pay rises in the sixth report of the Government's *standing commission* on pay comparability, chaired by Professor Hugh Clegg.

The commission's recommendations for the 1,500 workers can be construed as an interim report since while new pay scales are urged. no overall figures for the size nor cost of the increases are given.

The report covers about 750 airport hands, 40 duty crew/firemen and 400 security guards, whose annual settlement date is January 1. The commission conduced a comparability survey based on job-for-job comparisons for three basic grades.

Present basic rates range from £54.25 to £56.39, though the report notes that gross earnings *average £102 a week* and vary considerably from airport to airport, ranging from £75 to *£136*.

Recommended new rates from April 1, £71.58 to £78.10 for a *full-time* fireman, £58.51 *to* £82.89 for an airport hand and £62.30 to £71.92 for a security *guard*.

The commission expects that the assimilation on to the new *rades will produce varying rates* of pay, depending on the size of the airport. Manchester is likely *to attract* the highest rates.

Management and unions will now determine the grading of individual jobs, but an agreed scheme will be subject to the commission's approval.

Because of this uncertainty, the report recommends the payment of a first stage supplement, *from April 1 last year*, based on half the difference between average weekly pay for the *grades and the minimum of the* comparators' scale. The amounts range from £4.92 to £10.04, less *the £1 a week on account* now being paid.

One recommendation which could raise difficulties with the workers is that productivity payments should be limited to 7.5 per cent of the new rates until the full effect of the recommendations on total earnings is known.

At several airports, including Manchester and Luton, existing local productivity schemes provide an addition of more than 20 per cent to basic pay.

Both sides have agreed to be baund by the final report.

NALGO and APEX to launch attacks on public spending cuts

BY PAULINE CLARK, LABOUR STAFF

TWO LEADING white collar unions are to launch a major attack *on the Government's* public spending policy at their annual conferences this year.

The National and Local Government Officers Association and the Association of Professional, Executive Clerical and Computer Staff have produced conference agendas similarly dominated by motions which condemn the effects of public expenditure cuts on jobs and on social services.

The 730,000-strong local government union is to lead its economic policy debate at its *June conference with an executive* council call for "a commitment to reflation through public sector growth" as the only effective way to beat recession.

The council rejects the Government's "divisive" economic strategy which it says is based on public expenditure cuts and on a partial dismantling of the welfare state.

Among major priorities for implementing a reflation strategy the council wants a co-*ordinated regional programme* to development areas to help alleviate structural unemployment and relative deprivation.

It also calls for direct Government action to stimulate manu*facturing* investment, selective use of price and import controls and a "more equitable" taxation system.

The council's lead is backed up by calls for industrial action to support a campaign against the cuts.

The union's Scottish district *council will press for urgent* preparation and implementation of a strategy for "concerted action on a national basis."

Hampshire members also believe a national campaign of industrial action is necessary to fight the cuts while both Liverpool and Manchester NALGO groups call for full union backing for any branch action even where there is no immediate threat to members' jobs.

Fifteen motions for debate at the April conference in Scarborough of APEX declare opposition to the Government's *economic and social policies and* a further five attack the Government's trade union legislation.

Power men get 17% pay rise

By Our Labour Correspondent

A 17 PER CENT *pay settlement* was agreed in principle yesterday between the Electricity Council and representatives of the industry's 29,500 power engineers.

The details of the agreement, backdated to February 1, still have to be agreed. It follows a 17-19 per cent settlement for the industry's 96,000 manual workers.

'Tougher blacking law' call

By Our Labour Correspondent

CHANGES in the law dealing with secondary industrial action should be stronger than the Government has proposed, says the Association of British Chambers of Commerce.

In a letter to Mr. James Prior, Employment Secretary, Mr. Tom Boardman, president of the association urges the Government to limit *immunity* more strictly.

Mr. Boardman said the *present proposals would* apparently allow employees in dispute in a particular company to black or otherwise prevent supplies coming into the firm from a supplier. They could also induce the employees of any substantial supplier to stop the supply of goods to their company.

But, says Mr. Boardman, the employees of the supplier firm could also stop supplies *going* to any other customer. This would be an unjustified licence to cause severe damage to persons remote from the dispute.

"If, for example, BL should have a total or partial *strike the strikers could stop* most of their car component suppliers, not only from sendig goods to BL but also to Ford, Talhot, etc., and to export.

"There can be no justification for this, and the existence of such wide immunity will have a very grave impact on *obtaining* export sales."

AUEW awaits move by BL in pay offer dispute

BY ALAN PIKE, LABOUR CORRESPONDENT

THE *Amalgamated* Union of Engineering Workers' executive decided yesterday to let BL management make the next move over its disputed 5 per cent pay offer.

Mr. Terry Duffy, the president reported to the executive on Monday's abortive negotiations with the company. The company is expected to implement the package unilaterally, but the executive decided to await its decision before determining further action.

BL would prefer to reach *agreement with the unions, but* there is little doubt it will go ahead with unilateral implementation. Under the procedure agreement, it will have to give the unions five days' notice.

Mr. David Buckle, Oxford district secretary of the Transport and General Workers' Union, said BL's refusal to accept the workforce's rejection of the pay offer showed the company's double standards. When the company won *ballots*, the unions were told they should accept. When the *workers won, the company did* not accept it.

"Its action shows utter con*tempt for the workforce*. Derek Robinson was sacked for resisting the result of a ballot last autumn. Sir Michael Edwardes and Mr. Ray Horrocks (managing director of BL Cars) should be sacked for resisting the result of this one."

The rejected pay offer is worth 5 per cent to production *workers and 10 per cent to craftsmen, plus the* 'possibility' of more through productivity payments. It includes a *range* of demands for improved productivity and changed working practices which the company says are essential for BL's development.

Union leaders have warned that any unilateral attempt to change working practices is likely to lead to conflict. But this will depend on shop-floor reaction. A national-level instruction to take action against BL is unlikely.

Chemical unions attack employers over training

BY OUR LABOUR STAFF

CHEMICAL industry unions yesterday published a forthright attack on proposals by the Chemical Industries Association to close down the industries' training board.

Describing the proposal as "destructive and arrogant" the Chemical Unions Council has sent a memorandum to the *Manpower Services Commission* and to the Trades Union Council explaining its stand.

Mr. David Warburton, secretary of the CUC, said it was "ludicrous" to propose abolishing the board when a greater national effort on training and retraining was needed.

The employers' suggestion that companies should be allowed to identify their own training needs with consultants was an "insular" approach which would undermine training needs and seriously affect industrial *relations*.

Shipowner fined for oil slick

ROPNER SHIPPING, which has offices in Darlington, was fined £500 and ordered to pay £200 costs by the town's magistrates yesterday after it had admitted being the owners of a ship which caused oil pollution seven *miles off the Dutch coast*.

The court was told that lubricating oil leaked from the 57,000-ton Rudby and caused a slick 13 nautical miles long and 60 metres wide. *The ship's* captain, Francis Pounder, of Ryton, Tyne and Wear was fined £200.

Labour promise on shorthold tenancies

By Elinor Goodman, Lobby Staff

LABOUR PROMISED yesterday to repeal the shorthold tenancy provisions of the Housing Bill now going through its committee stage. Mr. Gerald Kaufman, the shadow Housing Minister, said that landlords should be aware that a future Labour Government would give all shorthold tenants security of tenure and protection under the Rent Act.

The shorthold tenancies, he warned, marked the "beginning of the end of genuine security of tenure" and tenants who involved themselves in such agreements might find themselves being the "victims of a 1980s form of Rachmanism."

Mr. Kaufman's statement may deter some property developers from investing in new rented property which they might have hoped to put on the shorthold market. The shorthold provision was designed to regenerate the private rented housing sector which the Conservatives believe has been depleted by the operation of the Rent Act.

Under the new scheme, landlords letting a property for the first time would be able to agree a rent for a fixed period with a tenant. At the end of the agreed period the landlord would be able to repossess the property if the two sides could not agree a new rent.

Mr. Kaufman said that admissions by Ministers during the committee stage of the Bill had revealed dangers in the shorthold tenancies which were even more serious than had been anticipated.

The dangers, he claimed, lay in the possibility of "winkling" practices and in the eventual conversion of regulated tenancies to shorthold when existing tenancies came to an end.

Labour, he said, had concluded that these new agreements represented "one of the most dangerous developments for tenants of private landlords in any legislation introduced into Parliament during the past 60 years."

The Labour Party, Mr. Kaufman said, had had considerable misgivings about the shorthold provision from the start. However, it had felt that the most constructive course of action would be to amend the Bill in such a way as to provide safeguards for the tenants involved.

PM hints of new law to reduce strikers' benefits

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT has set a figure of £12 a week for the amount it will deem strikers to be receiving from their unions when calculating a family's entitlement to supplementary benefit.

The figure is far higher than most manual unions pay their members and means therefore that once the proposal becomes law, most strikers' families will be able to claim much less from the State than now.

The full £12 will be deducted from the benefit paid to strikers' families—averaging about £22 a week at present—even if their unions are paying them nothing. The average strike benefit now paid by the big unions is between £6 and £8 a week.

The decision is likely to be announced in the Budget next week as part of a package of measures which will reduce the real value of various state benefits and is likely to result in uproar among the unions.

Rather than dealing with it in the Finance Bill, a special Bill is expected to be introduced shortly after the Budget with the aim of getting the measure on the Statute Book by the summer.

The move is aimed at fulfilling the Conservatives' manifesto pledge to make unions use more of their funds to support members on strike. It will delight Tory backbenchers who have been enraged by the way families of steel strikers have been claiming the maximum supplementary benefit while the ISTC has been paying them nothing.

But it is likely to worsen the Government's relations with the TUC who will argue that it will mean that strikers' families are treated worse than those of prisoners and that it is a basic infringement of the right to strike.

Nevertheless, the proposal has the personal backing of the Prime Minister, who took her own Ministers by surprise last month when she committed the Government to such a scheme even though officials were still a long way from overcoming the considerable practical problems involved.

At Question Time yesterday, Mrs. Thatcher also gave a strong hint that the Government would not be increasing unemployment pay or child benefit in line with inflation in the Budget. Repeatedly pressed by Mr. James Callaghan, Leader of the Opposition, she told him that he could not expect her to comment on things that would be included in the Budget.

Mr. Callaghan said that in view of the rising number of people who were out of work, the Prime Minister should give an assurance that there would be no breaking of the link between unemployment benefit and the rise in prices. Such a proposal would only make the unemployed worse off, he protested.

To make up for inflation, child benefit needs to be increased by £1.20 a week to £5.20 and the Government faces criticism from a voluble group of its own backbenchers if it fails to meet this increase.

Some Tory backbenchers might also be unhappy if the Government does not find a way of ensuring that non-union members are not penalised when affected by a strike because of the decision to "deem" strikers as receiving money from their unions.

Bid to amend 'anomalies' in DLT

BY MICHAEL CASSELL

AN ATTEMPT was made in the House of Commons yesterday to secure changes in Development Land Tax which, it was claimed, would stimulate the house-building and construction industries.

Mr. John Heddle (C, Litchfield and Tamworth) introduced a Bill under the Ten Minute Rule, designed to amend what he described as "anomalies and iniquities" in DLT. His move was supported by the House Builders Federation, the British Property Federation and the Royal Institution of Chartered Surveyors.

Mr. Heddle said that by introducing his Bill just before the Budget, he hoped to bring attention to the fact that the 1976 Development Land Tax Act continued to represent a major deterrent to the construction industry. Pressure on the House of Commons' timetable means the move has almost no chance of succeeding.

At the centre of his proposed amendment Bill is an attempt to repeal Section 2 of the 1976 Act relating to the charge on deemed disposal, the mechanism whereby an individual or company is taxed at the commencement of a development on the market value of the land at that time.

Mr Heddle said yesterday that he believed any system designed to tax development gains should recognise that there was a distinction between a windfall or speculative gain and a gain which was created by the combination of "enterprise, endeavour, expertise and risk."

He claimed that the Act, in its present form, treated both windfall gains and development gains in exactly the same manner. He wished to strike out the provision which penalised gains made by those people in the business of providing homes, factories, shops and offices.

Mr Heddle is also objecting to the provision under which notional gains on the land element of a scheme are taxed prior to, and irrespective of, any profit that may eventually be made on a development. "As a consequence, builders are unable to plan in advance for their tax liabilities simply because they do not know what they will be until they have made a start."

Mr Ron King, president of the House Builders Federation, said yesterday his members were supporting Mr Heddle because, "despite many clear indications by spokesmen on housing and land while in Opposition that a new Conservative Government would repeal the Community Land Act and substantially restructure DLT, Treasury Ministers now appear to have reneged on this question."

Carlisle firm on school cuts

BY PHILIP RAWSTORNE

THE GOVERNMENT yesterday accepted defeat over its plans for school transport charges—but told local authorities they would have to find other ways of saving the £30m that would have been raised.

Mr. Mark Carlisle, Education Secretary, told the Commons that the Government had decided not to reintroduce the transport charges provisions deleted from the Education (No. 2) Bill by the Lords last week.

"But this in no way removes the obligation on local authorities to achieve the needed reductions in expenditure in some other way," he declared.

The move was greeted with angry protests from the Labour benches.

Mr. Neil Kinnock, Labour's education spokesman, said that the decision would mean an effective increase of 6 per cent in education cuts.

In some areas, the result would be cuts in classroom provision, the sacking of teachers and reduction in the books allowance.

Baroness Young, Minister of State for Education, had already indicated that those most likely to suffer would be handicapped children, children in need of nursery education and thoe in adult education, he said.

The Government should shoulder its obligations and make additional funds available, Mr. Kinnock declared.

Mr. Ernest Armstrong (Lab. Durham NW) said that any further cuts would do "very serious damage" to the education system.

Increased spending on education was just as vital to the future of the country as expenditure on law and order as defence, he asserted.

KINNOCK: "The Government should make additional funds

CARLISLE: "Savings would have to made in other areas."

Mr. Harry Ewing (Lab. Stirling and Falkirk) accused the Government of seeking to punish local authorities because it disliked the Lords' vote against its plans.

And Mr. James Marshall (Lab. Leics. South) attacked the decision as "disgraceful and disastrous."

But Mr. Carlisle reterted that he had warned continually that if local authorities were not given the option of making economies by introducing transport charges, the savings would have to be made in other areas.

The rate support grant and cash limits had been fixed and local authorities would have to operate within them, he said.

"The Government is determined that the country should begin to live within its means," Mr. Carlisle declared.

He hope that savings would be made in administration and ancillary services but he could not give any guarantees.

Mr. Carlisle was supported by several Tory MPs. But Mr. Hugh Fraser (C, Stafford and Stone) suggested tartly that he might be "a little more magnanimous in defeat."

Parliament had decided against the charges, said Mr. Fraser. It was up to the Government to find the £30m involved.

Mr. Carlisle replied that he had visited Stafford to defend its proposals to charge for school transport. "I hope you will now support them in the savings they will have to make with the same skill and venom with which you attacked me."

Threat to block grant scheme in Lords

By Robin Pauley

THE GOVERNMENT showed for the first time yesterday that it fears crucial parts of its proposed block grant scheme for funding local authorities may be irretrievably lost when the Local Government Planning and Land Bill goes to the House of Lords.

In the committee stage of the Bill in the Commons yesterday, the Labour opposition moved an amendment that the transitional arrangements for changing the present rate support grant over to block grant should apply only to 1980-81.

As the Bill is expected to get onto the statute books this parliamentary session when block grant would automatically supersede the transitional arangements, the amendment looked like a technicality.

But Mr. Marcus Fox, junior Environment Minister, said the Government would not accept the amendment as it needed the transitional arrangements as a fall-back.

This indicates that following the loss of the controversial school transport clause in the Lords last week, the Government fears that opposition to the Bill is strong enough in the Lords to pose the same threat to block grant.

If the block grant clauses were lost and the transitional arrangement clauses were limited to 1980-81, the Government would have to revert to the present rate support grant system, which it abhors, for 1981-82.

While a backbench movement on the Government side is not expected in the Commons, there are a number of Tory peers with solid local government backgrounds who feel the Government's proposals seriously undermine local government autonomy.

Ban lifted on Forces' fund for Olympics

BY PHILIP RAWSTORNE

THE GOVERNMENT yesterday lifted its ban on the transfer to the British Olympic Association of money collected by the Forces for financing Olympic competitors.

About 10,000 in the Army's Olympic funds will now be handed over and will be available towards expenses of the competition.

Protests had followed the announcement by Mr. Michael Heseltine, Environment Secretary, in the Commons debate on Monday, that the money could not be used to send competitors to Moscow.

It was explained yesterday that some confusion had arisen over a temporary ban imposed on the transfer of funds held by the Forces at the time of the Afghanistan invasion.

But most of the money collected by the Royal Navy and the RAF had already been handed over to the BOA.

Mrs. Margaret Thatcher and Mr. Francis Pym, Defence Secretary, decided yesterday that the rest of the money, which had been collected voluntarily, should be released.

The conciliatory gesture implied no change in the Government's general attitude towards the Moscow games.

The Prime Minister was reported yesterday to have been pleased with the Commons vote on Monday. She believes that the 168 majority for the Government's boycott motion is a clear expression of Parliament's opinion on the issue.

Commons official 'ousted'

THE PRIME MINISTER and Mr. George Thomas, the Speaker of the Commons, are to investigate allegations that a senior House of Commons official was removed from his post on the select committee on defence as a result of complaints from the Civil Service.

The issue was raised in the Commons yesterday by Mr. Frank Allaun (Lab. Salford East).

He said that Mr. Matthew Cooper, who is described as a military historian and clerk to the defence committee, was removed because he criticised the Defence Department's ban on senior civil servants, officers and Government scientists giving evidence

The committee has been inquiring into options for a nuclear deterrent to replace Polaris.

Roger Taylor

Teddy Taylor, new MP for Southend, pictured with his wife Sheila and sons George and John, at the House of Commons.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Christopher Lorenz examines a survey of what European businessmen see as their principal problems in the 1980s

Pressure groups have little impact on European business

HOW CONCERNED are international businessmen about the twin challenge of environmental and consumer lobbies? In the U.S. *the barometer of feeling* has swung wildly over the past 15 years. It has been influenced among other things by Ralph Nader's high-pressure tactics in the 1960s, and more recently by the rising tide of concern about nuclear power — a product of Three Mile Island, with Jane Fonda thrown in for good measure.

It was not long ago that European business could congratulate itself on having a much easier time than did the Americans with these lobbies. But pressure has been inexorably rising on several fronts: anti-nuclear feeling in Sweden, West Germany and France, consumer pressure groups in Britain, the Scandinavian countries and even conservative Switzerland. Having flexed its muscles over the Windscale reprocessing row, the anti-nuclear lobby in Britain is now limbering up for a new fight over the Government's plans for a batch of new atomic power stations. To cap it all, *Ralph Nader himself* is going multinational (see article below).

More significant than any of these specific elements of the debate about "corporate social responsibility" may be two trends which, though not of obvious relevance, are actually of key significance to the whole complex discussion.

The first is the introduction—actual or proposed—of laws giving employees some form of participative rights in the management of the companies in which they work. The second is the more recent slowdown in economic growth and the accompanying upsurge in unemployment, which have com*bined to prompt big business to* consider whether its "social responsibilities" (and self-interest) include the promotion of small firms.

Top managers all over Europe are now being told by in-house planners, external consultants, and business school academics, that "social responsibility" will be one of the great corporate issues of the 1980s: umbrella-like in its complex construction out of different elements, but all the more *important for* that.

Gestures

Some boards have already initiated a policy of sorts, but others are still in the confused state of arguing, in classic *capitalist terms*, that "*the sole* objective of our company is to maximise profits," while at the same time making various complimentary gestures to the social responsibility argument.

Whatever their level of awareness, most top managers claim to appreciate the seriousness of the challenge. But do they?

Not entirely, to judge from a new survey of opinions in 10 European countries, carried out by the magazine International Management.* *It reported* the views of 800 top managers (chairmen, presidents, owners, partners and managing directors), approximately 80 in each country.

With extreme clarity, the survey shows that environmental and consumer pressure groups were considered relatively unimportant by the managers, who gave a much higher rating to the 13 other problems suggested to them by the *organisers*.

Only in Spain did either creep into the executives' ranking of the top ten problems which would affect the performance of their senior management teams during the 1980s. A second part *of the survey dealt with the* executives' perception of the principal obstacles to their own effectiveness as managers (see article alongside).

Even more illuminating was the fact that less than a third of respondents rated consumer pressure groups as either "major" or "important," rather than "minor" or "unimportant." Environmental pressure groups received a slightly higher score, of 48 per cent.

On the other hand, a high proportion of respondents in some countries thought that companies would have to enter into collective bargaining with consumer and environmental groups on certain issues during the 1980s (particularly on *pollution, product safety* and plant location, far less so on prices and advertising).

This section of the survey also evoked markedly different national responses. Almost two-thirds of the Frenchmen thought that negotiation with consumer and environmental groups would be necessary, as did 63 per cent of the Spaniards and 61 per cent of the Belgians and Italians. At the bottom of the list were the British (41 per cent) and the *Swiss (39 per cent)*.

Of the 15 problems which the executives were asked to rate as constraints on team performance—see Table 1—only one other, government inter*vention, can really be defined* as part of the "social responsibility" theme; some people would argue against its inclusion, while others would claim that labour relations should also be included. Not unnaturally, goverment intervention scored far more highly than either of the other two categories, over three-quarters of the respondents naming it as "major" or "important."

Yet how many of the executives stopped to think about the obvious point that environmental and consumer pressure may often be the "leading edge" of a movement which then unleashes Government intervention? No one can complain about managers giving greater weight to issues like inflation, labour relations and energy than to external pressure groups, but was it really sensible (or safe) to rate them *quite* so low?

At least they were not given quite such short shrift as the poor shareholder. Only 16 per cent of respondents rated shareholder pressure groups as "major" or "important," and in no country did this "problem" climb above 14th place. So much for revolts by institutional shareholders, let alone the influence of the small shareholder!

** From a survey on "Management in the 1980s," by International Management magazine, McGraw Hill House, Shoppenhangers Road, Maidenhead, Berkshire. Telephone Maidenhead (0628) 23431, ext. 296, Jennifer Vint.*

TABLE 1

During the 1980s, what do you think will be the principal problem affecting the performance of your company's top management team?
Ranking

1. Inflation
2. Availability, cost of labour
3. Availability, cost of energy
4. *Government intervention*
5. Labour relations
6. Acquiring managerial talent
7. Keeping pace with new technologies
8. Fluctuating exchange rates
9. Availability, cost of materials
10. Acquiring investment capital
11. New competitors
12. Environmental pressure groups
13. Trade barriers
14. *Consumer pressure groups*
15. Shareholder pressure groups

TABLE 2

During the 1980s, what do you think will be the principal personal obstacles to managers doing the most effective job possible?
Ranking

1. Lack of adequately trained personnel
2. Keeping pace with new technologies
3. Lack of time
4. Too much paper work
5. Government red tape
6. Lack of management training
7. Dealing with staff
8. Too many interruptions
9. Inadequate information
10. Lack of promotional opportunities
11. Inadequate compensation
12. Lack of authority
13. Lack of personnel
14. Lack of autonomy
15. Lack of guidance
16. Distractions by requirements not connected with business
17. Interdepartmental conflict
18. Poor physical working conditions

What keeps the Euro-manager awake at night

DO GERMAN managers have a near-monopoly of wisdom, or is it the French, Dutch, Spaniards and Swedes who are on the right track? Why did top German executives, in International Management's *survey of potential* problems for the 1980s (see left), rate "keeping pace with new technologies" as second in importance only to the availability and cost of energy, while the other five countries (plus Denmark and Italy) did not place it anywhere in their top five?

Partly, no doubt, because Germany is blessed with less severe problems of inflation, labour relations and fluctuating exchange rates, all of *which tended to appear in the* other countries' top five. But it is not as simple as that.

Among the respondents from Britain—a country obviously pre-occupied with rampant inflation and poor labour relations—"new technology" appeared prominently in the list of the top five problems. So much so that it actually climbed to number one in the list of personal problems for individual managers, well ahead of the "*lack of time*" and "*lack of* adequately trained personnel" that particularly worried the managers in most of the other nine countries covered by the survey (see Table 2).

Since the survey was conducted last autumn, this apparently odd (far-sighted?) *British attitude may be partly* explained by the media's preoccupation at the time with the silicon chip, and the havoc it is threatening to cause (or the opportunities it is promising to create, depending upon *your point of view*). Anyone who contests the view that managers are over-influenced by what they have just seen on television or read in the newspaper should listen to what many management consultants have to report on the matter.

Oddest

One of the oddest things about the survey is that the Italian respondents did not *consider labour relations* a sufficiently important problem to appear anywhere in their top five (needless to say, the British were rather more realistic, ranking it second only to inflation).

The greatest exception of all, however, was provided by the Swedes. In the survey of potential personal obstacles, "inadequate compensation" came out in first place, several lengths ahead of the next runner. Yet none of the *other nine countries cited it* anywhere in its top five, and it ranked eleventh on the overall European table. Similarly, in the more impersonal "management team" survey, the Swedes bucked the trend by ranking "acquiring managerial talent" as their problem number one.

Nader gives fresh impetus to his crusade

Trevor Humphries

Ralph Nader, drawing attention to "the corporate crime epidemic that is sweeping America"

FOR THE first time since he burst on to the American consciousness with the publication of "Unsafe at any speed" 15 years ago, Ralph Nader, the famous consumer advocate, has *shifted his* attention to the international scene.

Declaring that a gap exists in media coverage of multinational corporations, he has launched the new monthly magazine, "Multinational Monitor." Its purpose, he says, is to promote a worldwide exchange of information about issues of concern to consumers and "to foster a united response" to the activities of multinationals.

"The imbalance of both power and information in favour *of domestic corporations over* consumers and workers is widely acknowledged, says Nader. "Yet a far greater imbalance prevails in favour of multinational companies which are able to escape national laws, to engage in transfer pricing, to corrupt politicians, to export jobs and pollution, and to manage dozens of other kinds of manipulations or evasions that diminish or destroy accountability to the people they adversely effect."

While the years have not dimmed Nader's crusading zeal, they have brought disappointments. His cherished goal of establishing a federal consumer protection agency has been all but abandoned.

Public concern about inflation and disillusionment with "big government" has led to much erosion of congressional support for key consumer legislation. The recent passage by the House and Senate of bills curtailing the regulating authority of the Federal Trade Commission would have been unthinkable a few years ago.

Undeterred by setbacks and charges that he has spread himself "too thinly" to be effective, Nader continues to expand his activities. He and a coalition of labour, consumer, environmental and religious groups are promoting a "big business day" on April 17 to call attention to what he calls "the corporate crime epidemic that is sweeping America." The day long series of teach-ins in cities across the country will focus attention on the coalition's proposed Corporate Democracy Act of 1980. Its provisions, which no one expects to be passed soon, if ever, will include: requiring 24 month noti*fication of plant relocations* and closedowns; prohibiting discrimination against employees for "telling tales out of school"; prohibiting anyone from serving simultaneously as a director of more than two companies; requiring boards to have a majority of independent directors and to make some of them responsible for such duties as employee well-being and consumer relations programmes.

On the international front, Nader *expects* a worldwide consumer movement to develop, and says he hopes to institutionalise ties between government officials, consumer groups and academics through his new magazine. He expects the worker safety movement to gain strength as readers are informed of such issues as the export of allegedly dangerous jobs (for example by the asbestos industry).

In its first issue, "Multinational Monitor" focused on Kaiser Aluminum's production facilities in Ghana, where the World Bank-financed Volta River Project gives Kaiser "one of the lowest charges (for electricity) supplied to an aluminum smelter anywhere in the world.

Kaiser is criticised by a former Ghanaian official in connection with Ghana's efforts to develop the alumina refining operation necessary for integrated aluminum production.

The magazine also analyses the actions of the Lonrho Corporation "in financially troubled" Tanzania, which seized its assets 17 months ago. It details the Security Exchange Commission's settlement of its bribery suit against Inter*national* Systems and Controls Corporation. And it describes the "ethnic destruction" of isolated Brazilian Indian tribes by large mineral projects and highway development.

Nader, who now supports nine major consumer groups from his own earnings on the lecture circuit and small contributions from private individuals, is unusually reticent about disclosing any of the financial aspects of his new venture. He says the magazine has no budget.

Nader says he is aiming for a circulation of 5,000 within 18 months and he hopes that the proceeds from subscriptions ($15 a year for domestic non profit-making institutions, $20 for businesses and $30 for overseas subscribers) will defray expenses. Advertisements, if compatible with the magazine's aims, will be accepted.

Multinational Monitor, P.O. Box 19312, Washington D.C., 20036, U.S.A.

Nancy Dunne

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Loss not tax allowable

Two years ago I purchased an area of farmland with a view to growing crops. The operation itself has proved quite successful but owing to the incidence of non-recurring repairs and high finance charges, losses have occurred in the first two years' trading and will continue for the next two years when I shall be able *to fund the total purchase* and thus produce a regular profit.

The Inspector of Taxes on the submission of the first year's trading has so far refused to allow the loss on the grounds that it is not commercially viable, but obviously this is not so on the above timetable and similar trading results would be produced by any farmer who was obliged to finance the land purchase.

***Could you please advise me* how I should reply to the Inspector?**

Cannot your accountant help you with profit-and-loss projections to satisfy the inspector (or the General Commissioners)?

If you do not seem to be getting anywhere with the inspector, you could ask him to make a *formal determination* of your claim without further delay, so that you may secure an early hearing before your local General Commissioners (if his determination is in fact a rejection).

Your accountants' guidance is more valuable than ours, because they know the background facts and figures.

Unprotected lease

I wish to let a room for a one man office, but wish to avoid a lease or coming under the Landlord and Tenant Act. Is it advisable to merely set out in *a letter to the occupant that he* will be a licencee, paying rent quarterly in advance?

If the licence states in terms that the parties do not intend any lease or demise to be effected and that the licensee understands that the Landlord and Tenant Act will not apply it may be possible to achieve your object, but it cannot be predicted with any certainty that the Court would not hold it to be a lease. You may wish to consider making a lease which is taken out of the protection of the 1954 Act by the consent of the parties and prior order of the Court under Section 38 (14) of the 1954 Act. This is frequently done nowadays.

Continuance of lease

The lease of the light industrial premises, which is internal repair only, is coming to an end. Can I insist, if necessary, to an arbitrator, that the new lease is on the same basis, i.e., not full repair (and insurance, etc.) as the roof and fabric of the building is poor?

Unless the landlord gives you notice, the tenancy continues as before. If he does, then you must notify him that you are not willing to give up possession. You can then either agree on new terms, or apply to the Court, which normally would fix a rent in accordance with the current market rate for such premises, and leave other conditions as before. However, it is for the Court to decide.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

A new assault on teaching hospitals

BY DR. DAVID CARRICK

"The salmon set in waters still,
Will die and dying will,
Like wilding flowers amongst the wheat,
Corrupt the matter and the mind deplete."

THE RECENT report of a working party headed by the eminent nuclear physicist Lord Flowers is but one more corrosive measure in the long war of attrition aimed at the destruction or enfeebling of the great London teaching hospitals.

Beginning in 1948, the process of emasculation has progressed in a dismal manner, carried on by whichever political party happens to be in power. Indeed, the arrangements for the funeral appear to be the one matter the warring parties have continued in harmonious collusion.

Devastating

The battle has been constant, but there seem to have been only four devastating assaults. The first came in 1948 with the elimination of honorary consultants; the second was the Salmon Report which, when implemented, helped the growing armies of administrators financially at the expense of true nursing; third was Sir Keith Joseph's reconstruction of medical administration which took the form of creating juggernaut authorities with a resultant loss of understanding and understandable humans: finally we have the Flowers Report which seeks to eliminate many famous centres of teaching excellence and to fuse others into unwieldy and amorphous bodies bereft of their ancient names and the tradition which can only be built over centuries.

For the understandably uninformed, the points have to be examined separately.

Until the NHS was whelped the teaching hospitals employed *honorary consultants*. When a vacancy occurred in some speciality the hospital authorities would seek a man or woman who had not only outstanding medical ability but was also possessed of great teaching ability combined with a remarkable personality. The sword had two edges. On the one side, the hospital acquired excellent people for nothing; on the other, the honorary's future was bound up with and depended upon the goodwill of students who, if they had faith and admiration, would send patients to him during the years after they had qualified. The loss of these honoraries was one of the most cruel blows at the structure of magnificent teaching.

The Salmon system ensured that a good nurse who wished to continue nursing could do so only if willing to be paid far less than if she moved into administration. Thus matrons *disappeared and other ranks* lost their names to become strange and forbidding numbers.

The Keith Joseph reconstruction eliminated those excellent and valuable people, Medical Officers of Health, replacing them with vague, distant and bewilderingly bureaucratic bodies.

Now there is Flowers. The arguments for combining great hospitals and eliminating others are not easy to follow. If "big means better," then surely the advocates might have glanced fleetingly at such organisations as British Leyland and British Steel, to name but two of many costly conglomerations. But there is another curious point about populations moving out of big cities, London in particular. It is true that many people have moved out, but each day British Rail brings in some 500,000 to work. London Transport and motorcars must double or even treble that figure. Thus, for at least eight hours of every working day, the population is in no way lessened, and however much politicians and their acolytes would like to organise bacteria, viruses and other dastardly enemies of the flesh, in no way can they ensure that illness strikes only when people are at home, and then in surgery hours.

Finally, the country requires centres of excellence which should cater for all areas. Now Rome was a long while abuilding; but the Goths and Vandals, *doubtless fired by thoughts of* progress, destroyed it rapidly, replacing its influence with the benison of the Dark Ages.

Must history be repeated in such a way—particularly when one remembers that one of the later Roman Emperors, Valentinian the Second, actually started the first type of National Health Service? The golden age of medicine has already turned to cupro-nickel: we must prevent the decline to a yet baser metal.

Why it pays to pick magnolias

GARDENS TODAY

BY ROBIN LANE FOX

IT HAS been the persistent message of this column that you should always try to buy the best. The next month is the start of a peak season for garden centres, and nurseries who cater for the buyer on impulse. If you have a smallish new garden and want to carry home a plant of lasting distinction which will grow happily, where should you best wave your cheque book?

For my money, the pick of the field is still the family of magnolias. They are not the easiest family and are certainly not the cheapest. However, they have plants of a size to *suit any garden, and flowers to* please any connoisseur.

These hang downwards or sideways, project upwards like stars or candles, come in all colours from pale pink to chocolate purple and breathe some memorable scents. Perhaps you can put a name to all these varieties already, but you may still wonder which is *the best for your soil and* surface area.

The magnolias are at home in America and South-east Asia. It is unlikely that there are any good hardy varieties waiting to be found in unexplored areas of China and Japan. The tropical varieties are less familiar though they would loom large in any family *gathering*. I have never seen a jungle magnolia in a botanical garden's hothouse, so there must be surprises in store for us among the tender branches of the family.

Outdoors, we have a proven group with which to battle, so I will concentrate on these while urging travellers to the Far East to keep an eye open for tropical forms which ought to flourish in a conservatory. I imagine that Java is thick with them.

At this time of year, I must put in a good word for the smallest hardy magnolia, the one called stellata. We all have room for this free-flowering shrub which will seldom grow more than six feet high and as many feet across. It flowers generously from an early age when still a foot or so high, so it is the white one which you often see in suburban front gardens against the low boundary wall or beside the front path. Buy it, but we aware that its slow growth and small scale do not belong under the heading of small trees for small gardens.

The home of this shrub is confined to one mountain area in North-east Japan which it left for our gardends about 100 years ago. The authority, Mr. Bean, to whom I owe this point, goes on to remark that stellata should be underplanted with groups of a dark blue grape hyacinth whose flowering season coincides with it.

This is a possible scheme in white and brilliant blue if you like the sape of a grape hyacinth's flowers more than I do. Stellata sets its buds profusely along the bare branches and flowers elegantly before the leaves appear. Hilliers of Winchester list and often sell a special Japanese form called *Water Lily* whose flowers are larger and more thickly-petalled. It is worth the price. Plain stellata is good enough, and even if its open flowers and thin white petals are sometimes spoilt by heavy rain or frost, it is quick to replace them with a second crop.

When the flowers age, they open out and begin to bend their narrow petals backwards, fading like the similar petals on the lily-flower tulips with which I prefer to match them.

Like most magnolias, stellata prefers to be grown in a light acid soil heavily mixed with fertile garden peat. Its root-ball should stand in a black spongy compost into which its young roots will expand in the early years. No magnolia transplants well, so you should never be deceived into buying a newly-transplanted one because its black polythene holder looks bigger than its neighbour's. Spring is the best season in which to move these fine shrubs as their roots will recover more quickly from any cuts and scratches.

Two tips are useful. Do not fork busily round your plant *in the first few years* as you are likely to bruise the roots, an injury which I have inflicted on a young white-flower plant, doing it no good at all. Prepare the surrounding ground lovingly before you plant your £7 or so of magnolia into it. They all prefer plenty of leaf mould and enriched peat to a depth of two feet and a width of six feet or more.

One small warning, however, from bitter experience: be sure to water heavily this soil mixture if you plant a new magnolia in spring and run into a dry early summer. Until this open compost settles down, it can become surprisingly dry round the roots and cause a newly-planted shrub to shed its leaves. All-in-all, you are advised to set aside a full day in which to spare no expense and prepare the ground for your magnolia's tastes. It will then be with you for a lifetime.

There are many good ones, especially for gardeners with patience, an acid soil and a mild climate. Most of us will rest content with the tall upright trees of the soulangeana varieties whose flowers stand like long candles in the branches in late spring. These are the magnolias which you notice in front gardens while caught in traffic jams, or slow trains. They flower profusely to a height of 20 ft and are indisputably the finest flowering tree for a modest garden.

You can save space by cutting them into the corners of a wall or *using them as the focal* point beside your front gate and allowing them to grow forwards above a boundary fence. Prepare the ground as I have described before planting these too.

No doubt most of you will be happy with the ordinary forms in white or purple flower which you can pick up soon in containers at garden chain-stores. I greatly prefer the white-flowered varieties. All have to be transplanted carefully without bruising the roots. I still think it is worth paying even more of a price and turning to a specialist nursery for the best named forms of these spring magnolias. If you are taking trouble, you might as well do the job properly.

The finest is called Brozzonii, an Italian form which bears enormously long white petals, nearly a foot wide when fully open from their purple base to their white tips. This form flowers late, not until early May when the frosts are almost past. It grows just as readily as any other but is more spectacular and worth hunting down from a nurseryman.

If you prefer the dark-purple flowered varieties, there is no doubt that the best are a modern one called Picture and the old and famous Lennei. This large-flowered hybrid was born somewhere in Italy soon after 1848, though nobody knows where and one admirer *is content to attribute it to the* "charming little bees of Lombardy." Personally, I find these dark purples too sombre if they are purple throughout their petals. Lennei's flowers have a white flush and a lovely white centre as they appear freely in late April. The petals are fleshy to the touch and curve slightly inwards, giving you a strong sense of achievement when they first appear, however easily, in your garden.

There are many other hardy magnolias, but none is so easy and free-flowering on all but the most alkaline and chalky soils. If you are buying the best shrubs with a lifetime ahead of you, it is only sensible to take the trouble, prepare the ground, and find these best forms.

Cauthen could be top jockey

RACING

BY DOMINIC WIGAN

THOSE FAR-SIGHTED enough *to have taken the 33—1 offered* against Joe Mercer achieving his first jockey championship at this time a year ago will almost certainly think twice before rowing in with him for the double. On this occasion he is top-priced at 5-2.

Although there is no denying the likelihood that the popular jockey will again have a fine season, it must be long odds against Warren Place gaining a total near that record-breaking haul of 128 pieced together last term. It was that massive total achieved when almost everything went right for Henry Cecil and his team from the outset that enabled Mercer to take a decisive early advantage.

This time I expect the championship either to be regained by Pat Eddery or to go to that modest and remarkable young horseman, Steve Cauthen. If, as reports suggest, the inmates of Seven Barrows are well forward and over their troubles with the virus which plagued them in 1979, then Eddery's supply of winners from his chief source may well match that of Mercer's from Warren Place.

Eddery, who can call on a wider selection of "outside" rides than Mercer—he had nearly 200 more mounts than the champion last season—is top quoted at 5-2.

Cauthen, whose effort will largely depend on the South Bank output of the Barry Hills stable, got off to a "flyer" last season. However, as was the case with Seven Barrows the virus then ravaged the Hills team and Cauthen's flow of winners dwindled to a trickle.

Although it can be argued that the Kentuckyan rider is not as strong in a finish as Carson, Eddery or Mercer, he does, in my opinion, have that touch of genius arguably held by only Piggott—horses almost invariably produce their best for him.

The leading odds now available for the 1980 Championship read: 5-4 Carson, 5-2 Eddery and Mercer, 16-1 Cauthen.

WORCESTER

2.00—Cisto*
2.30—Isle Of Man***
3.00—Knight Of The Realm**
4.30—Going For Gold

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Playboard. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 The Backyard. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 God's Wonderful Railway.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 The Wednesday Film: "Maneaters Are Loose!"
8.30 Potter.
9.00 News.
9.25 Open Secret.
9.55 Sportsnight.
10.55 Parkinson with guests.
11.55 Weather/Regional News.

All Regions as BBC-1 except as follows:—

Wales—11.02-11.22 am I Ysgolion. 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.55 Tom and Jerry. 7.05 Heddiw. 7.30 A Question of Sport. 8.00-8.30 My Wife Next Door. 11.55 News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50 pm Open University.
6.55 The Master Game.
7.25 Mid-Evening News.
7.35 Cartoon Two.
7.40 The Silicon Factor.
8.25 Arena.
9.00 Thérèse Raquin.
9.55 I Hear You Calling Me.
10.45 Newsnight.
11.30 Open Door.
12.00 Closedown.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News, plus FT. Index. 1.20 Thames News. 1.30 Take The High Road. 2.00 After Noon Plus. 2.45 The Outsiders. 3.45 Hobson's Choice. 4.15 The Sooty Show. 4.45 Shadows. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 The Leo Sayer Show.
9.00 The ITV Playhouse.
10.00 News.
10.30 China.
11.30 Thames Art: Crisis in the West End!
11.45 Spooner's Patch.
12.15 am Close: Personal choice with Leslie Crowther.

All IBA Regions as London, except at the following times:

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Money-Go-Round. 5.15 Barney Miller. 6.00 About Anglia. 11.30 Celebrity Concert featuring Al Martino. 12.25 a.m. The Big Question.

ATV

12.30 pm The Electric Theatre Show. 1.20 ATV Newsdesk. 2.45 The Love Boat. 5.15 Selwyn. 6.00 ATV Today. 11.30 ATV Newsdesk. 11.35 1980 Butlins Grand Masters Darts Championship.

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Money-Go-Round. 5.15 Happy Days. 6.00 Lookaround Wednesday. 11.30 Police Surgeon. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's on Where and Weather. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 5.15 Makin' It. 6.00 Channel News. 6.10 Link Up. 10.28 Channel Late News. 11.30 George Hamilton IV. 12.00 News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. *2.45 Houseparty. 3.15 Money-Go-Round.* 5.15 Survival. 6.00 North Tonight and Area Weather Forecast. 11.30 Reflections. 11.35 Police Surgeon. 12.05 am George Hamilton IV. 12.30 North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Money-Go-Round. 3.20 The Wild, Wild World of Animals. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 11.30 Bluey.

HTV

1.20 pm Report West Headlines. 5.15 Daffy the Commando. 5.20 Crossroads. 6.00 Report West. 6.30 Startalk. 11.30 Fireside Theatre.

HTV CYMRU/WALES—As HTV West/HTV General Service except:— 12.00-12.10 pm Ffalabalam. 1.20 Panawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ni A Nhw. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 *Brave Old World.*

SCOTTISH

1.20 pm News and Road and Weather. 1.30 The Rolf Harris Show. 2.50 The New Avengers. 5.15 Spring Song. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Emmerdale Farm. 11.30 Late Call. 11.35 1980 Butlin's Grand Masters Darts Championship Final. 12.05 am George Hamilton IV.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Money-Go-Round. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South East Areas only). 11.30 Southern News Extra. 11.35 Michel Legrand and Friends.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where the Jobs Are. 2.45 The Electric Theatre Show. *3.15 Money-Go-Round. 5.15 Bailey's* Bird. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 11.30 North East News Headlines. 11.35 Power Without Glory. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.50 Selwyn. 3.20 Money-Go-Round. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.30 Soap. 12.00 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 5.12 Gus Honeybun's Birthdays. 5.15 Makin' It. 6.00 Westward Dairy. 10.28 Westward Late News. 11.30 George Hamilton IV. 12.00 Faith For Life. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Three Little Words. 3.15 Money-Go-Round. 5.15 Bailey's Bird. 6.00 Calendar (Emley Moore and Belmond editions). 11.30 Have Girls, Will Travel.

Radio Wavelengths

1: 1053kHz/285m, 1089kHz/275m
2: 693kHz/433m, 909kHz/330m & 88-91vhf stereo
3: 200kHz/1500m & 92.95vhf
4: 1215kHz/247m & 90-92.5vhf stereo

BBC Radio London: 1458kHz 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

RADIO 2

RADIO 3

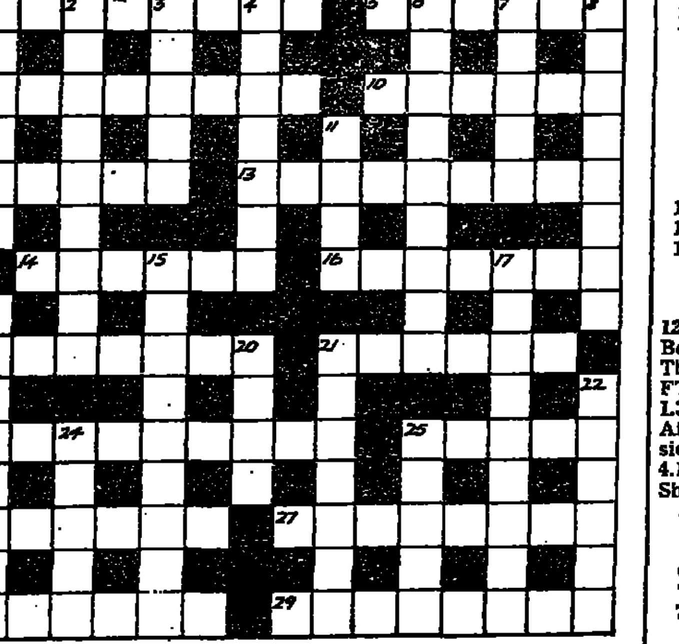
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 4,229



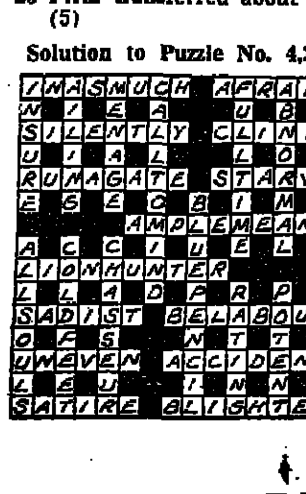
ACROSS

1 Healthy fuss made by rich (4-2-2)
5 Going close to sin (6)
9 Inspector was formerly a coalman (8)
10 Church worker getting grass by the way right (6)
12 Key Socialists split (5)
13 Transport reserved for patient people (9)
14 David briefly returned before journalist ducked (6)
16 Heavyweight with certain hairstyle (7)
19 Turning up artist backing competitor (7)
21 Make a fuss of fashion (6)
23 Drunk dodges merrymaking (4, 5)
25 Peer's drunken night out (5)
26 Brave daughter joins a combine (6)
27 Notice swinging blow from farm implement (4, 4)
28 He barely appears disorderly in stud (6)
29 Believe gold money is due to him (8)

DOWN

1 Pain at parting with little bird by church (6)
2 Defer taking holiday remaining (5, 4)
3 Shade round a black mark (5)
4 Cease to be firm with reactionary (7)
6 Independent operator available to perform minor surgery (4-5)
7 The Spanish drink in Scots town (5)
8 Rank deed might be more obscure (8)
11 An objection to border (4)
15 Welshman with chest resting on sea bed (4, 5)
17 Say more than anybody else in extreme (9)
18 Accountant took off at home and made a profit (6, 2)
20 Left writing material in bond (4)
21 Money that is right to dismiss from service (7)
22 Cup given by magistrate to the Queen (6)
24 Turn communist when stuck with bull (5)
25 Firm transferred about one (5)

Solution to Puzzle No. 4,228



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THE ARTS

Television

Friedman and Father Christmas

by CHRIS DUNKLEY

Give me a film crew for several weeks, an editing suite for several more and a fairly hefty budget and I reckon I could make you half a dozen little filmlets which would suggest very convincingly that black was white and up was down. Furthermore, provided that I had previously had the advantage of 30 years or so of comfortable university appointments in which to polish my arguments and prepare witty ripostes to every conceivable objection to my claims, I would be only too happy to have those films shown on television week by week and then go in front of the cameras and debate my case with not very well prepared opponents—particularly if you were to ensure a different pair each week.

That way my case, already well supported on film by highly selective "evidence," would appear strong and consistent whereas my opponents, lacking similar filmed support and with different witnesses each week, would look scrappy and changeable. Were I to be allowed furthermore to argue from a collection of examples and evidence gathered almost exclusively in America then clearly my British opponents, being much less familiar with America and anyway concerned primarily with Britain, would be left with practically no cards to play.

And if after stacking the deck like that you were to go even further and bring in as third interlocutors each week businessmen committed to your views, I would actually guarantee to carry the day.

Hence my total lack of surprise at the impressive showing of Professor Milton Friedman in the series *Free To Choose*. (The only surprise is that the BBC expects anyone to follow it when they transmit all six parts at different times, ranging from 5.55 to 8.25. This week's climactic episode on BBC 2 on Saturday with Sir Geoffrey Howe and Denis Healey discussing the Professor's filmlet blithely entitled "How To Cure Inflation" will run from 8.15 to 9.35. It is hard to believe that such unhelpful scheduling is anything to do with the series being made independently by Video Arts TV Ltd, the company headed by Michael Peacock who actually launched BBC 2 in 1964; after all the BBC did choose to buy it).

Friedman's seeming superiority to his opponents should surprise nobody, because he has not only had all the advantages mentioned but is using them to support an argument which is nothing like as difficult to defend as the suggestion that black is white. On the contrary his claim is very seductive: that the social effects achieved by politicians and bureaucrats are less beneficial than those achieved by market forces. The cleverest part of his thesis is the perpetual disclaimer of any suggestion of perfection, and the insistence instead "merely" that his system is the best among a number of imperfect systems.

Thanks to the timings I have missed bits of the series but have seen most and am struck by the failure of all the opponents I have seen to point to Friedman's great weakness: that he is an extreme starry eyed idealist who, like all such, conveniently ignores whatever damages his argument. In particular, he fails in his general philosophy to take account of two fundamental human characteristics: the desire to organise others and the desire to be organised. Being admirably deficient (it seems) in both characteristics himself, he persistently overlooks their presence in others, managing to give the impression that governments and bureaucrats are inflicted on us by Martians.

The only person I have seen who really rocked Friedman back in his chair was Charles Medawar who was invited by chairman Peter Jay, in his new Frostian mid-Atlantic drawl, to give an instance of the government protecting consumers in a way that market forces never would. Medawar did so, offering drugs as an example. Friedman trotted out a practised rejoinder from his 30-year American arsenal and Medawar promptly floored him by showing that the reply held good, if at all, only for American patent medicines and not for the British ethical drugs in the example. It was this kind of detailed analytical counter argument of which there has been far too little in the series, and for the first time the professor looked disconcerted.

For the rest of the time:

. . . he looked like a peddler just opening his pack.
His eyes how they twinkled, his dimples how merry!
His cheeks were like roses, his nose like a cherry! . . .
He was chubby and plump, a right jolly old elf.
And I laughed when I saw him in spite of myself!
A wink of his eye and a twist of his head
Soon gave me to know I had nothing to dread."

which, for anyone who has watched the little man playing to the gallery week by week with his winks and his grins will seem a very accurate description though the words were actually used by another American, Clement Clarke Moore, to describe Friedman's spiritual twin—Father Christmas.

* * *

It has taken BBC chairman Sir Michael Swann seven years, but he has finally come round to seeing—and not just seeing but declaiming—the error of the BBC's ways concerning the investigation and reporting of terrorist activities within these islands. After yet another breast-beating publicity stunt last week by MPs who had not even seen the programme (which had not been broadcast) but were protesting none the less about an item investigating terrorist activity on the Celtic lunatic fringe, Sir Michael wrote in a letter to The Times:

"There have been innumerable mentions of this subject in the Press and, of course, on television and radio," and he asked: "Is it being suggested that while reports of happenings are legitimate, any attempt to understand *why* these things take place is not legitimate?"

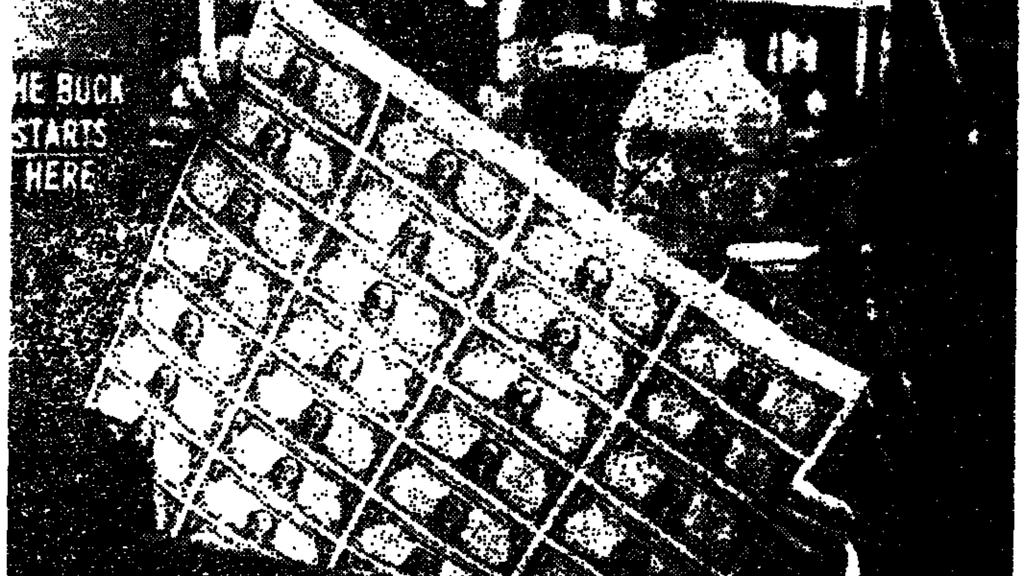
Which is, of course, exactly the question about Northern Ireland television, news and current affairs coverage that has been asked in this column repeatedly in the past seven years. It is such a familiar topic that it is known here as "The Irish Laundry List Syndrome": the practice of listing atrocities and terrorist destruction with no investigation, no analysis worth the name, no proper attempt to provide continuing evaluation of the social or historical background to show whether there is understandable reason why this happens and then, when viewers tire, predictably enough, of such stark and unpalatable material, turning round and declaring: "There you see? Ireland's a switch-off subject."

Pondering why the politicians make such a fuss, Sir Michael asks: "Is it the feeling, which we know to exist, that somehow or other putting people on television gives them a special importance and an accolade of respectability, whereas reporting them in the Press does not? There is surely an element of hypocrisy here. Did any of your readers who saw the programme feel so impressed that they now wish to join nationalist movements and burn down houses? I very much doubt it. Perhaps they just felt that other, less wise members of the public would be led astray. We believe, however, and such evidence as we have strongly supports the belief, that the public is in fact no less wise than the opinion formers in these matters."

That is precisely the view argued in this column all the way from Bloody Sunday to Carrickmore. How strange that it should take a *Welsh* outrage to bring home its sense to the BBC. It is, perhaps, worth saying that in the near future we are to see unique historical/investigatory series about Ireland from both BBC and ITV. The response to both Sir Michael's conversion and the series must be: better late than never.

* * *

All this concern about news and current affairs is, of course, profoundly insignificant compared with the week's main talking point which is whether Burt Campbell is really going to die. The audacity with which Susan Harris's astonishing series (*Soap*, for anyone still living in outer darkness) continues to exploit every human foible and frailty still takes one's breath away even after dozens of hilarious episodes. I try to persuade myself that the doctor has mis-diagnosed something that Burt picked up from the little silver men in outer space, but I remember sadly the permanent departure of Benson and I wonder.



Milton Friedman

Richmond Theatre

Schooldays by MICHAEL COVENEY

At least the Cambridge Theatre Company wins marks for effort with its sporadic forays into the new comedy syndrome. The latest is by J. V. Stevenson, a new writer who has attempted a sort of cross between *Forty Years On* and *Outside Edge*—that is a school cricketing piece—set in a state grammar school in the mid 1960s.

We are titillated with staffroom banter replete with Oxbridge rivalries and upstart traditionalist values. There is even the hint of a genuine debate between an aggressive educationalist breezing in on the tide of Labour Party egalitarianism in schools (how hollow that promise of public school abolitionism now sounds!) and a reactionary protector of the system in the guise of a teacher who teaches only to relive the happiest days of his life.

For good measure, there is a frowning Joyce Grenfell lady who eats a lot and twitters on the brink of Founders' Day and the staff/pupil annual cricket match.

But the lack of stagecraft tells in the end, for Mr. Stevenson, although flattered at odd moments by the inventiveness of Jonathan Lynn's production, is unable to finish his scenes, or for that matter the play, properly. The punchlines are feeble and the recurring device of interrupting group scenes with spotlit classroom monologues by the staff soon wears thin.

To a background of school hymns and professional rivalries, Royce Ryton rules the roost as an irritatingly screech[y] deputy head. Farceurs such a[s] Grahame Garden and Joh[n] Fortune reveal the shallowne[ss] of their grounding in universit[y] revue by missing Mr. Steve[n]son's educational point[s]. Deborah Norton has a ver[y] funny scene fielding Edwar[d] Jewesbury's misinterprete[d] questions, but, again, is th[e] victim of poor plotting whe[n] obliged to retreat with anothe[r] toothy grimace.

The evening veers betwee[n] a first draft for a TV serie[s] along the unambitious lines o[f] *Please, Sir* and an embarra[s]singly organised discussion o[n] the future of grammar school[s] like this. As a beneficiary o[f] just such an institution at jus[t] such a period of time, I felt le[t] down that the good bein[g] achieved was not mor[e] seriously argued.

Royal Academy of Music

A Midsummer Night's Dream

Performances of *A Midsummer Night's Dream*, the opera that is, not the play, usually spotlight the fairy element, because of the wonderful music that Britten wrote for Oberon, Tytania and their train. As the production at the RAM is a little short of magic, the emphasis lies on the mortals, and because the student cast is young, the quartet of lovers, sometimes dismissed as quarrelsome bores, here become the protagonists, with Bottom and his fellow Thespians taking over as stars in the third act.

Annena Stubbs provides a ladder, a pair of steps and a climbing frame to represent the wood near Athens. The fairies wear white pyjamas, the mortals their everyday clothes, with dinner jackets and long dresses for Theseus's after-dinner reception—Theseus himself is resplendent in tails with an impressive order across his chest. David William produces the young Athenians with great naturalness but, until the play within the play, makes the artisans appear rather self-conscious.

Steuart Bedford, immensely experienced as a Britten conductor, replaces some of the missing magic in his fine and delicate handling of the score, and draws some weird and wonderful sounds from the orchestra. The Academy can boast a counter-tenor Oberon in Andrew Thompson, whose voice is sweet-toned but not, as yet, really strong enough to project this glorious music. Jill Washington, as Tytania, is rather too obviously the dominant character of the two, though she hides her determination with some very prettily phrased singing.

Marilyn Bennett contributes a vivacious and amusing Hermia, while Paula Bott does well as the more romantic and tearful Helena. With Timothy Evans-Jones as an energetic Lysander and Christopher Bull a sincere Demetrius, the trials and tribulations of young love are both touchingly and humorously illustrated. Stephen Williams sings Bottom with an endearingly earnest sense of his own importance, especially in his scene with the love-sick Tytania. His interpretation of Pyramus in the play borders on the hysterical.

Tomos Ellis, who sings Flute and therefore Thisbe, goes mad with tremendous conviction and a good sporting attempt at the coloratura of "her" role. The other Mechanicals all earn their applause. At the end, when the fairies invade the palace, magic does take over for a few moments. The buxom young ladies — aided by the Trinity Boys' Choir—who interpret Cobweb, Peaseblossom and Co, sing nicely, while Geoffrey Dolton, earlier an extremely athletic Puck, speaks his lines with intelligence.

ELIZABETH FORBES

Monet for National Gallery

A fine early Impressionist work by Monet, "Bathers at La Grenouillère," has been given to the National Gallery by Mrs. Richard Walzer, daughter of the collector Bruno Cassirer. It will go on display today in Room 44. In the same bequest, "Landscape with Poplars" by Cezanne, which has been on loan to the Gallery, is now also permanently presented by Mrs. Walzer.

The acquisition of these two important works was announced yesterday at the annual Press conference of the gallery. Professor John Hale, chairman of the trustees, made the point that contrary to rumours all the gallery's 2,050 odd paintings were always on show to the public.

A.T.

Paris Theatre

Tartuffe by NICHOLAS POWELL

A new *Tartuffe*, directed at the Comédie Française by Jean-Paul Roussillon, had them booing in the stalls on the first night. The audience was particularly upset by the unusual ending: the King's Exempt who restores order is camped as a bureaucratic buffoon and Tartuffe is shot with a revolver.

As Molière enjoyed considerable protection from Louis XIV it is unlikely he had it in mind to mock his representatives. As for the revolver—the Comédie Française has toned down the scene by having fewer shots fired, leaving the Press to pursue an impassioned debate about the wisdom of tampering with the classics.

Some critics were upset by details such as having Madame Pernelle, finely acted by Denise Gence, confined to a wheelchair and pushed to the brink of cardiac arrest whenever contradicted. But given the confinement of the lady's religious beliefs, the device works.

Having Elmire unbutton her dress the better to seduce Tartuffe also provoked purist cat calls. But in the play the initiative of seduction is, after all, hers.

The principal, and some found objectionable, originality of Roussillon's *Tartuffe* is the atmosphere of sadness which permeates the play. Orgon is a pitiful wreck, intoxicated by his ayatollah, a paterfamilias unworthy of his position. His family all but falls apart around him, saved only by the courageous impertinences of the maid Dorine, the strained common sense of Cleante and Elmire's crowning seduction of "le pauvre homme."

What is irritating is the scenery—sad grey panelling—and the limited use of space. Most of the action takes place at the very front of the stage.

Roussillon has renovated Tartuffe himself. Far from the pot-bellied and red-nosed character of tradition Jean-Luc Boutté plays the role as a sexy skulking prelate with the eyes of a hangman. Glacial and distant during the seduction scene with Elmire, he is at last betrayed by the only desire he expresses sincerely—that for Orgon's wife. When gunned down in Act V he strips off a wig and false beard to reveal his true face before collapsing backwards over a chair. The Comédie Française practically trembled at its foundations.

Playing alternate nights with the French version of Stoppard's *Every Good Boy Deserves Favour* at the Theatre de la Ville is Jean-François Regnard's *Le Légataire Universel*. Written in 1708, the play deals with the eternal French comedy theme of a tyrannous guardian, Géronte, trying to marry his ward Isabelle against her wishes.

Old age is baffled by Géronte's maid Lisette, his manservant Crispin, Isabelle and her lover Eraste who conspire to foil his plans and have him draw up his will in their favour.

The farce, which spares no joke at the expense of foolish old age or physical decay, reaches burlesque heights when Crispin disguises himself as Géronte's long lost country cousin in order to dissuade the old man from making his will in their favour.

Maurice Coussonneau, who directs this romp, has packed it with commedia dell'arte elements. The cast arrives at the beginning of the play on a brightly painted wagon which is taken apart to form a stage—an inspiration given the ungainly hugeness of the Theatre de la Ville's stage.

The bright pastel coloured costumes and occasional stunts—a performing dog and a valet on roller skates among others—maintain the commedia dell'arte tone of this satire on love and greed.

It would be difficult to find an equivalent sense of health in Claudel's six hour long *Soulier de Satin*, directed by Jean-Louis Barrault at the Theatre d'Orsay.

Claudel was apparently marked for life by a youthful passion for a married woman. His awareness of the sin of adultery prevented him from consummating the relationship. This theme occupies, in excelsis, *Le Soulier de Satin*: a sixteenth century Spanish nobleman, Don Rodrigue falls hopelessly in love with Dona Prouheze. Nothing comes of it and Don Rodrigue diverts his frustrated energies into colonial activities in South America.

The play, which involves over 50 characters, follows with a perverse delight Don Rodrigue in every detail of his suffering and degradation.

Jean-Louis Barrault's often brilliant direction can neither camouflage the pompous poverty of Claudel's writing nor beautify a play which, unless one subscribes to Claudel's very special form of Catholicism, appears sick to many modern audiences.

Fortunately for the Theatre d'Orsay a reasonable number of Parisians do not share the judgment of the critic who in 1943 staggered out of the premiere muttering: "Thank God he didn't describe both of them."

Dorine (Catherine Samie) and Marianne (Claude Mathieu) in a scene from Tartuffe

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When America sneezes . . .

THE NASTY chill now evident in the world's credit and commodity markets has been the most dramatic result so far of the cumulative U.S. credit squeeze which has been enforced in the last six months. This should occasion no surprise. For years now the U.S. authorities have been heavily criticised by their trading partners for "exporting inflation"—that is, for managing credit policy without regard for its international consequences. The excess liquidity created by the U.S. banking system appeared mainly overseas, and now that conditions have been tightened decisively, the flows have reversed.

Over-simplified

The accusation against the Americans is in fact a little over-simplified. There are two parties to every trade, and to a large extent the excess of dollar liquidity was concealed because the managers of sounder currencies felt themselves compelled to import U.S. inflation by way of intervention in the foreign exchange markets. Unfortunately, this intervention protected the dollar from the consequences of domestic mismanagement over a long period, and this goes a good way to explain why corrective action has been left so dangerously late.

Domestic policy in the receiving countries was also distorted. Interest rates were often lower than might have been desirable for domestic reasons, both because intervention created new liquidity, and to avoid attracting still bigger capital flows.

The tightening of U.S. policy has therefore appeared both as an opportunity and as a dilemma to the authorities in other countries. It is an opportunity to tighten domestic conditions wherever this is thought desirable; and since inflation has been accelerating all over the world, central banks have not been reluctant to take this chance. It is not easy to be sure in any individual case how far the recent rises in discount rates represent an overdue domestic change, and how far they are shots in what is popularly described as an interest-rate war.

It might be thought that flows which were largely financed by intervention when they were outward flows from the U.S. could equally be financed by reverse intervention now, with little result apart from restoring international dollar reserves to a more normal level. However, this simple symmetry leaves OPEC out of account.

It is the combined effect of tight U.S. credit and a prospective OPEC surplus of the order of $100bn which is making life so difficult for the managers of other currencies. The oil producers have in effect staked a prior claim on the reserves which might otherwise be mobilised to help smooth international adjustment. It is this which has produced the extraordinary spectacle of Germany, the strongest of industrial economies, with some $70bn of reserves, seeking a substantial loan in Saudi Arabia.

It is clear then that although the U.S. measures are courageous and necessary, their timing is doubly unfortunate from the point of view of the outside world. The long delay has allowed inflation to get a tenacious grip, and the coincidence of the U.S. squeeze with a peak in the OPEC surplus could make the cure unduly drastic.

The danger is that simultaneous deflation in most of the industrial economies could reinforce the tendency to recession, resulting in a sharp fall in output and trade. In present circumstances, with some industrial sectors already struggling with their own recessionary problems, this would pose a far greater danger of a general resort to protectionism than did the recession of 1974-75. Furthermore a recession usually attacks the weakest first, and the current level of interest rates, especially in the dollar bond markets, will pose agonising financing problems for the non-oil developing countries, whose prospects have also been worsened by another result of the U.S. squeeze—the sharp fall of many non-oil commodity prices. Some potential borrowers may be driven to siege strategies.

Action

These dangers can only be averted by conscious action, which should if possible involve the active co-operation of the OPEC surplus countries. The aims must be to meet the financing needs of the weakest countries on tolerable terms, to meet the investment needs of the surplus countries and to avoid the competitive bidding up of interest rates. The last time round a flood of dollar credit enabled the market to find apparently easy but ultimately inflationary solutions to similar problems. This time, the U.S. squeeze is doing internationally what any tight money policy does—confronting us with uncomfortable realities.

A blow to the Post Office

POSTAL WORKERS yesterday rejected a newly-agreed productivity and staffing system which had been hailed as an important breakthrough not only by the Post Office management, but also by the Union of Post Office Workers' own executive. The postal delegates' vote is a blow to the Post Office, to Britain's long-suffering mail users and, not least, to the UPW leadership.

For the UPW executive, humiliation by Luddite delegate conferences is becoming a regular ritual. Last May the UPW's annual conference went so far as to censure its executive for "bringing the union into disrepute," by negotiating a productivity deal similar in some respects to the one which the leadership has now, once again, failed to sell to the union's membership.

Flexibility

In fact, the present proposals were even milder than last year's The Post Office was not asking for any measurable productivity improvements, but merely for the flexibility in the grading and admissions structure which is required to improve the quality of the service. This would enable more postmen to be promoted to work as sorters. In summer, and for this year only, the Post Office would also be able to hire casual workers to fill in for postmen taking their summer holidays.

It is a measure of the postmen's unreasonable determination to stick to their traditional "craft" employment structure against all odds, that such mild proposals should have provoked furious opposition. The benefits which the Post Office had offered as part of its package, and which it will now presumably withdraw, included a two-hour reduction in the working week, a £3.28 weekly pay supplement for the grades affected and an evening allowance of up to £6. But it is not just their own personal living standards that the postmen are apparently prepared to sacrifice in favour of their traditions. And it is not the rejection of specific proposals, but the postmen's whole attitude to change which is most disturbing.

In defence of his agreement, Mr. Tom Jackson, the UPW's general secretary, tried to get across the message that more than just wages were at stake. For the postal service is now entering a critical, and perhaps terminal, period in its history. The Government's review of the Post Office's monopoly position and its decision to split the Post Office into two separate corporations to cover posts and telecommunications may be viewed by some trades unionists as some kind of Tory conspiracy. Indeed, only last month the UPW delivered another rebuff to its executive, by voting down proposals to reform the union's structure, so as to accommodate the forthcoming split in the Post Office. The membership, it appears, prefers to ignore reality rather than to face it.

But the Government's ideas about organisational changes are only symptoms of deep and irreversible developments which are sure to transform completely the whole communications system of every industrialised country over the coming decades. By trying to ignore these forces, the postmen will condemn themselves and their industry to painful decline. For the real significance of the growing chorus of opposition to the Post Office's monopoly is that, for the first time in history, it is possible to glimpse on the technological horizon viable alternatives to a unified national postal service.

As the use of telecommunications spreads, the universal delivery of physical mail will become increasingly a luxury, which society as a whole could live without. Those who require this luxury will be prepared to pay for it, but only if they are guaranteed an excellent service. If the Post Office proves capable of providing such a service it, and its employees, should have a prosperous future. But if it fails to provide what the public requires—as it patently did last summer, largely because of the sort of staffing practices which the postmen are now upholding—the public and the Government will let it wither away.

Japanese industry under pressure to alter course

By JOHN ELLIOTT, Industrial Editor

"THE GEISHA is now a depressed trade, being put out of business by bars and clubs, where women need less training and wear less, in the same way as Japanese industries are being affected by easily available goods of newly industrialised countries."

With these words a distinguished 70-year-old Tokyo businessman recently bemoaned the apparent demise of a cherished Japanese tradition and the troubles of his country's industries; quite apart from competition from countries like Taiwan and South Korea, they are suffering from rising inflation, low growth, increasing protectionism abroad and social problems at home.

Civil servants and industrialists in Japan seem almost overwhelmed by the impact of oil price rises—"oil shocks" as they are known in a country which imports 89 per cent of its total energy requirements. They talk about a new era beginning when Japan must invest more abroad and develop its own technologies instead of copying the West's.

Two main concerns are aired. First there is a fear of increasing overseas resistance—as has been seen recently in the motor industry—to Japanese exports. As a result companies of all sorts are considering expanding their investments abroad, especially in the U.S. and Europe so as to defuse resistance to their products by trading in both directions. (The interest being shown by the trading house of Marubeni in organising Suzuki motor bike production at Britain's Meriden workers' co-operative is one illustration of this trend).

The second concern is that the country's economic and social problems will upset the general mood of consent which underpins industry, and that it will become increasingly difficult in the years ahead to recruit young people to factory production lines.

These were the strong impressions I gained during a ten-day tour of Japan as the guest of the Keizai Koho Center, an offshoot of the Keidanren, the Japanese equivalent of the CBI, which has been set up with a budget of £2.2m a year to spread the word about the good intentions of Japanese industry at home and abroad.

The creation of this centre 18 months ago, with the slogan "We want dialogue," is itself significant. It illustrates the fear voiced by industrialists that Japan may inherit some of the West's disenchantment with capitalism at just the moment when the Japanese economy is least able to cope with such tensions.

Fallibility pose

A visitor must of course not take these protestations of imminent doom too literally (any more than the warnings of a Tokyo guide who insisted that, because of the risk of major earthquakes, he looked for an exit route every time he took visitors into a multi-storey office building). Clearly at a time when Japanese businessmen want to improve their image abroad, it is in their interests to play down their industrial strength and to stress that they are fallible, like other countries, to unsettling economic and political problems.

One cannot but be impressed by the technological innovations and productivity improvements of major Japanese electronics companies, by the automation and smooth efficiency of car factories, by the high productivity of the modern steelworks, and by the way that the shipbuilding industry has slimmed itself down so as to reap rewards in the years ahead.

Freddie Mansfield

One of Nissan's production lines.

Nevertheless, one sometimes discovers a lack of confidence about the future. There are also signs of apparent inefficiency being tolerated because companies are worried about upsetting shop floor harmony. A Nippon Kokan steelworks at Fukuyama for example has been producing 35 per cent below capacity for four to five years, with hardly any cut in its workforce, in order not to upset employee relations in the works and at an associated highly modern complex at Ohgishima. Nissan is running extra shifts at its Zama car factory in order to keep sister plants and some subcontractors operating smoothly, but as a result is only producing 200 cars per shift from a highly automated plant designed for 350.

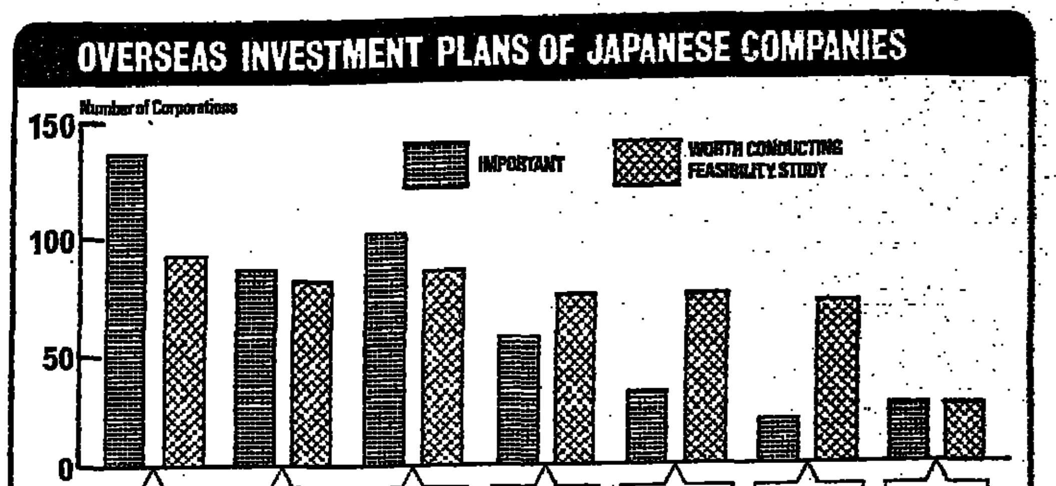
Looking to the future, shipyard trade union officials, shell shocked by a 70,000 cut since 1975 in the national workforce from a peak of 184,000 do not want to see mothballed shipbuilding capacity reopened too quickly in case future oil crises and the fortunes of the Yen slow down the recovery of their industry and cause further mass redundancies.

Wage demands are being prepared for the "spring offensive" at around 9 per cent while forecasts for economic growth range between 4 and 5 per cent. Consumer prices rose at an annual rate of 7.6 per cent last month, but wholesale prices rocketed by 21.1 per cent, according to the Government's Economic Planning Agency, so fuelling wage expectations.

As a result of inflationary pressures, the Nikkeiren, the main employers' federation which operates separately from the Keidanren, says some companies want to obtain three-year rather than one-year wage agreements to give more stability.

The Nikkeiren also says that companies are considering whether they can continue to afford the lifetime employment and seniority pay systems under which employees progress up a company throughout their working life, with a substantial part of their pay packet coming from seniority or long-service payments. Now some companies may stop seniority payments at 45, after which personal increases would only be paid on ability. Older workers would be given the option to leave the company when 45 with perhaps about three years' pay as a lump sum, or could stay for another five years hoping for promotion, or could switch out of the career ladder into a specialist job.

This would upset one of the main planks on which Japanese companies have built employee loyalty, at a specially sensitive time. The average age of Japanese workers is getting older — although companies' preference for young shop floor employees is demonstrated by the fact that the average age on a Honda assembly line is only 25. At the same time it is becoming more difficult for older surplus labour to be absorbed in the distribution system and other non-industrial jobs.



This is leading civil servants and economists to forecast rising unemployment in the years ahead, possibly increased by many of the country's 5.4m small businesses closing down as a result of economic pressures—a development which some officials in Japan's influential Ministry of International Trade and Industry (MITI) might not mind if it led to a shake-out of the more inefficient tiny single family businesses.

But despite the forecasts of rising unemployment, companies like Nissan and Matsushita are worried about young people turning away from industry in the next decade, so making it difficult to man production lines. "This is a testing factory for eliminating hard work," said Mr. Eiichiro Kozai, a senior manager at Nissan's Zama factory where widespread automation has been introduced. In the body assembly area, 96 per cent of spot-welding is automated, some by highly versatile robots (each named by the workers after a famous Japanese film star). The press shop has also been partially automated and the company regards the considerable capital cost involved as an essential investment for the future even though it may not reap all the benefits in the short-term because of under-utilisation.

Honda too is automating its assembly lines and at its Saitamo factory north of Tokyo it has eliminated all warehousing.

Matsushita — the National Panasonic company — which is well known for its paternalistic approach to employee relations and for its corporate responsibility policies, is automating its production for similar reasons as Nissan. "We are finding it more difficult to get workers to co-operate so we are introducing more sophisticated machines which should increase satisfaction" said one manager.

Matsushita's employees sing company songs, and hold other group communication sessions at the beginning and end of each shift. There is a very large employee suggestion scheme. But this is not proving enough to motivate employees. A new management-trade union consultative committee system has recently been introduced. "Japanese people are becoming richer so the manager must do more to involve them and make them work voluntarily," says Mr. Toshihiko Yamashita, the company's president.

Investment overseas

While these companies are using automation and new forms of employee involvement to try to attract and motivate their workforces in the coming decade, other intiatives are being launched to try to improve Japan's image abroad. Companies have been setting up factories abroad for some time, especially in Asia and North America which each account for about 25 per cent of the total Japanese foreign investment, twice the European figure. They have only done so however where it has been seen as essential; they often find it difficult to recreate the favourable employee relations and reliable delivery of components they have enjoyed at home.

Now this is changing. Trading houses like Marubeni and manufacturing companies, especially in the motor and electronics industries, intend rapidly to increase their investments to support growing overseas activities. A recent survey conducted by the Technova consultancy of Tokyo for the UK's Industry Department showed that more than a third of 474 manufacturing companies interviewed expected their foreign activities (including exports as well as direct production abroad) to more than treble in the next five years.

The U.S. and the continent of Europe are expected to gain most from this. Tough battles are likely between host governments for the projects which will often be set up as joint ventures with domestic companies. The UK will suffer both because of increased continental competition and because of its labour relations reputation—even though a Japanese businessmen's delegation which visited Britain last week said they found the labour situation better than they had expected.

MITI has embraced the need for more foreign investment in the latest of the annual "visions" it issues to guide companies. It talks about Japanese industry playing a larger international role in technological development, improving energy conservation and developing alternative sources of energy, and moving into new areas of technology helped by Government funds (although MITI's own interventionist budget is being cut). To help with this, MITI is considering a series of Ministerial visits to EEC capitals this spring to discuss foreign investment, joint technological collaboration in areas such as aeronautics, nuclear energy and possibly electronics, and joint ventures in third countries.

So there are positive plans being developed by the Government and by industry to overcome the potential gloom with which the visitor to Tokyo is regaled. As Professor Vogel of Harvard University wrote in a recent study called Japan as Number One: "Most Japanese understate their successes because they are innately modest: and more purposive Japanese, wanting to rally domestic forces or to reduce foreign pressures, choose to dramatise Japan's potential disasters."

MEN AND MATTERS

Scots rule Man, OK

For those wondering what the Scottish Nationalists have been doing since their terrible drubbing at the General Election last May, the answer is that two of them, at least, are demonstrating the virtues of self-determination for another part of the UK—the Isle of Man.

Douglas Crawford, who was bundled out of Perth and East Perthshire by the Tories, and John Donachy, who lost against Labour, have been devoting their energies to Polecon, their Edinburgh-based industrial consultancy. The Isle of Man Government has just renewed the contract the firm won in 1972 to advise and administer the island's industrial policy.

Polecon has the job of attracting new industries, sizing up companies which apply for grants and putting recommendations to Man's industrial advisory council and its finance board. Light industries that will not disrupt the beauty and tranquillity of the island are favoured. Tax exiles are not.

Their efforts seem to be successful. Unemployment, always low, falls to zero during the tourist season, the budget is always in surplus and no individual or company pays more than 21 per cent tax.

That adds up, Donachy tells me with a note of justifiable satisfaction, to a plain indication of the advantages of self-government: "So that a small country can have control over its own economic destiny untramelled by centralising influences." I think I've heard that somewhere before.

Solo zone

Still offshore, and still further north of Watford, I hear from businessman Keith Schellenberg that he has asked Sir Geoffrey Howe to declare Eigg, his private island in the Inner Hebrides, an "enterprise zone." While the Chancellor's scheme is really meant to relieve the gloom over decaying urban industrial centres, the appellant claims that his island fastness is also in dire need of an economic leg-up.

Schellenberg, a power-boating, rally-driving entrepreneur with interests from garages to farm feeds, and the keys to three Scottish castles on his key ring, says remote island communities are bound to decline under the burden of regulations and taxes designed for the mainland.

He demands the concessions on planning regulations, rates and company taxes suggested for the enterprise zones—plus a few extras. Seemingly intent on transforming his bleak island into a tax exile's paradise, he says he wants the island to be allowed to retain its earnings instead of having to subscribe to inappropriate Government programmes.

As an example of daft public spending Schellenberg cites last year's bizarre case when Eigg was provided with a doctor's waiting room the size of a small garage at a cost of £100,000. All the island needs now is a doctor.

Takeover-scholar

Nicholas Stacey, the City's answer to Matthew Arnold's Scholar Gypsy, has quietly stepped into the shoes of Lord Thomas of Remenham, the First World War flying ace who—until his death a few weeks ago—chaired merger brokers Chesham Amalgamations. Nearly 83 when he died, Thomas' main role in the company was as an advisory figure-head, and he had plenty of other fish in his directional frying pan. "From now on the chairmanship is going to be more active," says Stacey.

Chesham was founded in 1962 by Thomas, an ex-journalist and early associate of Lord Nuffield, Stacey, also an ex-journalist, along with Francis Singer and Sir John Eden. Since then it has done its best, the new chairman says, to make the takeover bid respectable and — where possible—tidy.

"I see Government policies have produced their first positive result."

"We introduced formality and also professionalism," says Stacey. "We institutionalised the whole business, and our scales of charges are used internationally." Last year, Chesham handled deals worth £50m, most of them in the textiles and engineering fields: all, according to Stacey, "peacefully negotiated."

Although Chesham's business remains 90 per cent UK-based, its new chairman set off on a U.S. trip soon after Thomas's death. "I was looking into the possibility of deepening the merger trade between the two countries." A question of Chesham itself merging? "Maybe setting up a joint company," says Stacey guardedly from beneath his arty black fedora.

Job for NALGO

If organising an election in Rhodesia had its own nightmares, pity the Iranians who had to organise a poll without benefit of British town clerks and bobbies to help them.

The problem begins with the size of the electorate itself, variously estimated at between 16m and 22m. Moreover the various parties seem uncertain about the whereabouts of the 270 constituencies, announcing candidates for seats which do not actually evist. All that and 17 parties, each accusing the others of rigging and malpractice, make matters especially confusing—although it is generally agreed that the dirty tricks are concentrated in the Islamic Republican camp, with its high concentration of mullahs. It is a view which appeals to President Bani-Sadr, who loose association "The Office of the Co-ordination of the People with the President" seems to be shambling in the direction of failure.

Those who miss out on the fun the first time round should be able to catch the show when it is repeated at the beginning of April: winning candidates have to achieve a 50 per cent plus one majority, a polling style considered more Islamic than our own first past the post.

Hired hands

Better accustomed to a more stately style of working, the five-man team of Press relations men at Lloyds of London has been swamped by the extraordinary pressures imposed by the Sasse, Ashby and computer leasing affairs, the epidemic of high-sea accidents and assorted domestic problems. To help bail them out during these trying times have been forced to call in reinforcements from a professional public relations firm.

"I don't think we are so proud as to think that we know it all," one of the aforesaid team tells me, adding with admirable candour: "It is not possible at the moment to have too many hands on the pump."

Fair warning

Advertisement in a Shropshire newspaper: "Holiday accommodation available in Welsh farmhouse. Comfort and good food (except August)."

Observer

Antony Thorncroft reports on how the Arts Council grant will be supplemented by business sponsorship

Two paymasters for the arts

THIS WEEK 1,200 arts organisations and individuals *will be hearing just how much* cash they can expect from the Arts Council in the financial year which starts next month. Not many will get all that they asked for—most clients were angling for an increase of 30 per cent or more—but few should have much cause for complaint.

At a time when the Government, the ultimate source of the Arts Council's munificence, is cutting its expenditure in virtually every field, the Arts Council has done remarkably well. Its grant for 1980-81 is £70m, which, according to the Government, represents a rise of 20 per cent. The Arts Council sees the gain as just under 14 per cent, the difference arising from a disagreement over the real figure for 1979-80. That was £61.27m but included a £1.5m contribution towards the Royal Opera House rebuild*ing fund and a subsequent cut* of another £1.5m in the Government's June Budget. But even at the lower percentage increase the Arts Council has done better than it feared in the autumn.

The Arts Council can be grateful for the presence of friends in high places for its relative well-being. Mr. Norman St. John-Stevas, Minister for the Arts, campaigned actively in opposition for more Government money for the arts and now that he has the responsibility he has done *well in maintaining* funds against the snipings of Treasury Ministers. But it has *been a long battle and one* consequence is that the announcement has come just two weeks before the start of the new financial year. Arts organisations cannot hold back on plans until they hear exactly how much they are to get so they have been forced to commit themselves to new productions at the expense of overdrafts from the banks at high rates of interest.

The Arts Council, too, starts its new year under a severe financial handicap. It has always made commitments to its *clients in one year which it does* not settle until the next. In 1979-80, largely because of the sudden reduction in Government aid through a 2 per cent cut in the June Budget, this gap has grown from £2.7m to £6.4m. A great deal of effort will go into ensuring that this deficit on outstanding commitments will *not worsen in 1980-81* so very little money will be available for new ventures or for sudden emergencies. The existing clients of the Arts Council are all to receive aid but there will be only the most limited scope for fresh undertakings.

Above-average

Not all the Arts Council's dependents will be treated equally. Theatres in the major provincial cities can expect an *above-average improvement* in aid. There are about 60 theatres receiving help and the 10 *largest, such* as the Royal Exchange in Manchester and the Bristol Old Vic, will get a substantial boost in recognition of their very high artistic standards and the job they are doing in keeping the theatre alive and kicking in the provinces. Indeed, these days the London impresarios would be hard pressed if they did not transfer to the West End successes from the regions.

The big four organisations—the Royal Opera House, Covent Garden, which received £7m in the current financial year; the National Theatre, the next largest recipient with £3.85m; the English National Opera, and the Royal Shakespeare Company, should all be reasonably happy, especially the RSC which was hard done by in its grant a year ago (£1.8m, a rise of less than 8 per cent), *but has been adequately* compensated in 1980-81. Sir Roy Shaw, director-general of the Arts Council, is quick to point out that the sums given to the various organisations are not linked directly to their financial needs. Indeed, a company that got itself into a financial mess would be quite likely to earn *Council disapproval.*

If anything, the balance is the other way: those companies that are performing *well both* artistically and financially can expect some reward for their *achievement.* So the fact that the National Theatre is currently enjoying something of a boom and is showing a profit on its current operations should be all to the good when it comes to its Arts Council grant. All the major four can expect at least a 14 per cent increase for 1980-81, with the RSC getting around 20 per cent.

Although the national companies are well looked after, the shift in Arts Council money in recent years has been towards the regions, especially through the funding of regional arts associations. The first Arts Council client to announce its aid for the year has been the Greater London Arts Association which is to receive 16 per cent more, at *£662,000.* The relative generosity here is probably essential because it is un*likely that local authorities,* the other great funders of the arts after the Government with an *annual commitment of around* £50m, will be as generous as Whitehall.

Already the education committee of the Borders regional council, meeting at Jedburgh, has reduced its grant to four leading Scottish musical organisations, including the Scottish Opera and the National Orchestra, by 75 per cent. The original sum asked for was *small — just £8,500 — but the* reaction could be a straw in the wind. Conservative-controlled *local councils, looking for poli*tically popular ways of reducing their expenditure, are likely to *regard arts grants as easy game.* So the Arts Council is doing its best to bolster small arts *bodies which could be facing* severe cuts from other sources.

It is amon gthe dozens of small *threatrical and dance groups* that the Arts Council increase in aid for 1980-81 could be less *than 10 per cent. The Council* finds it difficult to drop companies when it has taken them *on its books* but it is currently having a hard look at the artistic achievements of the *myriad of often experimental* and peripatetic bodies. Some are likely to be especially favoured *at* the expense of other, more suspect, practitioners. The problem about *making* savings among the experimental arts is that there is no-one else to meet the financial *gap. Business is showing an* active interest in supporting the arts, but not the *arant garde* elements.

And it is to business that Mr. St. John-Stevas looks to make *up any deficit in Government* spending on the arts. For, despite the reasonable grant in the economic circumstances, given that inflation in the labour intensive arts is always above general inflation, the arts still face a real cutback in 1980-81. Mr. St. John-Stevas has been propagating the message that the arts will thrive better if there are two paymasters—the Government, through the Arts Council, and public and private sponsors. He hopes that the reductions in the top rate of income tax will stimulate a revival in private support; he is perhaps more optimistic that companies will rally round. After all, any money given to the arts can be set against corporation tax.

In the last six months there has been a remarkable growth of corporate interest in the arts. *Luke Rittner who runs the Asso*ciation for Business Sponsorship of the Arts, which tries to educate companies in the subject and can pass on inquiries to arts organisations, reports 18 new members in the past half year out of a total of 83. A dozen companies have approached ABSA out of the blue, and one, *Herring Son* and Daw, the chartered surveyors has already arranged a series of *concerts* at *stately homes.* Rittner reckons that corporate help for the arts this year will reach £5m, as against just £600,000 five years ago, and that a half of this will come through ABSA members. Companies such as the Imperial Group, with regular commitments to the most expensive manifestations of the arts, Covent Garden and Glyndebourne, probably spend in excess of £250,000 a year and IBM, Shell, W. H. Smith, Mobil, Midland Bank and Commercial Union are all in the £100,000-plus bracket.

There are obvious reasons for this blossoming relationship between business and the arts. In contrast to sports sponsorship the arts can be inexpensive. Even when they are costly, as in supporting Covent Garden, which gets 3 per cent of its current income from industry, they offer unrivalled opportunities for entertaining customers, in particular overseas businessmen. The Press and the television companies are now more prepared to acknowledge company assistance to an artistic event, an important factor since it was television coverage which fuelled the boom in sports sponsorship.

Excellent opportunities exist in the arts for cultivating goodwill and harmonious relations at the local level—sponsoring a concert by *an internationally* famous celebrity or helping out a neighbouring drama company *can be a cheap* and effective way of improving the corporate image. There is also a feeling that business should support the arts, together with other influences, such as a fondness by the chairman for opera, or a hard-headed *marketing* decision that the arts appeal to opinion-formers, so that the *overall benefits, plus the* tax-saving benefits, of arts sponsorship make an impressive case.

Business *will never be able* to do more than make up the deficit after taking into account what the arts earn themselves and the Arts Council can afford, in an era when the cost of running arts organisations is mounting. The Arts Council is justifiably irritated by the publicity which companies obtain while its major help gets taken for granted. However, the companies' marginal assistance is vital.

Mr. St. John-Stevas is adamant that those involved in the arts should learn to swim with the Governmental tide rather than against it, and the tide is towards self-help rather than central aid. That is why he doubts whether this week's appeal in theatres throughout the country for audiences to petition against VAT on theatre and concert seats will be of any avail. Through VAT the Government takes back much of what it gives. *While* the arts so far have survived much better than expected, and indeed are *flourishing throughout the* country, a change in Minister, or a more rigid application of market forces, could bring about a reversal in fortunes.

Leonard Burt

Teresa Kubiak as Elsa and Rene Kollo as Lohengrin in the revival of Wagner's opera at Covent Garden earlier this month. The production, first mounted in 1977, was sponsored by Commercial Union, which put up £51,000.

Letters to the Editor

EEC customs valuations

From Mr. J. Russotto.

Sir,—The EEC customs valuation problems discussed by your legal correspondent Dr. A. H. Hermann, in your issues of February 7 and 21, do not concern only Caterpillar (Overseas) and Sandoz; several other cases of the sort reported by Dr. Hermann are pending before French courts, and the European Court's decision will, therefore, be of great consequence. For this reason I would like to add to the thorough discussion of the merits of the case by Dr. Hermann a note on what I consider to be an unhelpful approach revealed in the opinion presented in the Sandoz case by the court's Advocate-General, Sr. Francesco *Capotorti.*

The 46-page-long opinion is a coherent and brilliant but *largely theoretical assessment* unrelated to the facts of the case. No mention is made in it of the current practice of French customs authorities when determining the value of *pharmaceutical imports.* In contrast with the opinion of Mr. Advocate-General J. P. Warner *in the Caterpillar* case, the economic environment of the Sandoz case has been almost *entirely ignored* by Sr. Capotorti, who did not even mention the fundamental problem of *how a manufacturer* may legally recoup its research and development costs.

Moreover, the Advocate-General failed to consider that provision of EEC Regulation No. 375/69 which enables the customs authorities to obtain more detailed information from an importer buying from an associated seller. One would have expected the customs authorities to have made use of this possibility before concluding that the importer had made a false declaration and before taking him to court.

Unless the European Court adopts a more concrete and practical approach, the judgment will be of little use to the national courts, and will not satisfy the purpose of Art 177 of the EEC Treaty which is a uniform interpretation of EEC law.

J. Russotto,
35, Avenue de la Paix,
1640 Rhode-St.-Genese,
Belgium.

Designation of industry

From Mr. G. Wittenberg.

Sir,—Andrew Fisher's designation of gaming/gambling/casinos as an "industry" throughout his article on London's casinos, March 15, is an insult to British industry. I cite the Concise Oxford Dic*tionary:* Diligence, habitual employment in useful work; branch of trade or manufacture.

G. Wittenberg,
3, Fairacre, Church Road,
Isleworth, Middlesex.

Legal position of a director

From Mr. N. Savage

Sir,—Mr. J. Drum (February 21) makes reference to the "present strict legal position of *a director*" demanding a high standard of performance. If that were only the case. In fact *the standard* of care and skill that the law demands of direc*tors is regrettably low.* It cannot be a source of much satisfaction that the law is still based *on the same principle that* caused two 19th-century judges to observe: "Avoid meetings and avoid experience. *They will* step up your duty of care. However ridiculous and absurd their (the directors) conduct might seem, it was the misfortune of the company that they chose unwise directors."

N. Savage.
The Law School,
University of Strathclyde,
Stenhouse Building,
173, Cathedral Street, Glasgow.

Monitoring the Post Office

From Mr. D. Stickland

Sir,—Surely the chairman of the Post Office Users' National Council is incorrect when he indicates (March 13) that "There is at present no machinery for imposing any sanctions related to efficiency and productivity . . ." on the Post Office? Aren't the appropriate facilities provided, for instance, by section 14 (9)(a) and 11(2) of the Post Office Act 1969? Can Mr. Morgan explain why the present machinery "isn't working"?

Mr. Morgan also suggests the establishment of a regulatory body with an extensive workload. Just who will pay for this extra layer of bureaucracy? Wouldn't it be cheaper, and more effective, to bring the Post Office within the jurisdiction of the Ombudsman?

Don Stickland
13 Welby Close,
Maidenhead, Berks.

Sorting the letters

From the Director,
Public Relations,
Post Office

Sir,—Contrary to Mr. Middleton's suggestion (March 14), postcodes are making a real and growing contribution to our letter-handling operation. Use of postcodes is an integral part of our programme for mechanising letter sorting. Already 33 mechanised offices are in *operation* throughout the country with about half of the nation's mail passing through *them.* This *year* 15 *more* mechanised offices will join the list.

In the labour-intensive postal business — where 9p out of every 12p paid for a stamp goes on pay — mechanisation of sorting offices is an important area where effective savings can be made.

Mr. Middleton is quite wrong to suggest that postcoding has proved unworkable on a *national scale. In fact,* postal administrations the world over recognise that the British Post Office is a world leader in the field of postcodes and our system has been adopted by countries overseas.

Peter H. Young.
Post Office
Central Headquarters,
23, Howland Street,
London W1.

Trade union attitudes

From M. G. Arbib

Sir,—I *refer to* the Association of Scientific, Technical and Managerial Staff's national officer's reply (March 14) to my letter (March 6). I am sorry he *found my letter amusing.* Doubtless many union members, who have travelled overseas on holi*day or business and observed the* relative decline of Britain's standard of living, are not so *amused and do not agree that* "The union has looked after their interests."

He appears to believe that Governments can issue formulae which will automatically pro*duce prosperity and social para*dise. Correction. No Government's economic policies can *make a country prosperous if* its unions persistently use legalised blackmail to obtain *rewards not earned and have* the power to deny people the right to work if they do not toe *the party line to strike every* time their demands are resisted. Hence my question (which Mr. *Beson did not answer)* why can't we have a Right to Work Act?

I hope he won't persist with the well worn argument that days lost through strikes are *sometimes as many in other* more prosperous countries with less unions because we all know *that those strikes are far fewer,* almost by appointment, and far less damaging than our frequent *interruptions to production and services.*

In fact probably the only *people amused apart from him* are our overseas competitors.

G. Arbib,
Kelsey Industries,
Wood Lane End,
Hemel Hempstead, Herts.

A courageous package

From Sir Robert Kirkwood

Sir,—With reference to your leading article (March 15), "A *courageous package.*" *Mr.* Carter's top priority is to stop inflation. Why should a similar *determination be less correct* and courageous in Mrs. Thatcher; and is it seriously *suggested that she should be* deterred by the result of a single by-election, and by the *fact that the average voter* wants lower taxes and higher Government expenditure in *terms of free services?*

(Sir) Robert Kirkwood.
Three Kings,
Sandwich, Kent.

Cooler on air conditioning

From Mr. D. Gillingham.

Sir,—The report, February 22, that Smith Melzack is "advising clients to install air-conditioning only where absolutely necessary" led me to re-work the arithmetic which we as engineers have used for many years in evaluating this *decision.*

It must be remembered that in deciding the facilities for an office building one is aiming to create space in which people can work effectively. Air-conditioning is among the more important factors in achieving this. Thus, in judging the cost effectiveness of air-conditioning for an office application, it is important to consider the extra-over cost of owning and operat*ing an air-conditioning system* (compared to simple heating which is the most basic provi*sion)* against the likely increase in productivity of the occupants in a better environment.

Taking realistic values for density of occupation and average cost of staff, building life, interest rate, level of maintenance etc., then depending on the size and style of building the total extra-over cost in London for owning and operat*ing air-conditioning lies between* 0.9-1.3 per cent of staff costs.

Yes, the cost of fuel has *risen sharply in recent years,* but so has the cost of employing people. When one considers *the benefits of excluding noise* and dirt, and in controlling inside temperature, humidity and *air movement, it is not surpris*ing that so many building owners still want air-condition*ing when it only requires an* increase in staff productivity of about 1 per cent to justify it.

D. S. Gillingham.
Haden Young,
PO Box 14,
7-12 Tavistock Square WC1

Productivity in steel

From Mr. J. Anderson.

Sir,—How naive can your cor*respondent Mr. P. Kille (March 17)* be?

To suggest that British Steel's *problems can be overcome by* management going out and taking more orders exemplifies the *problem facing the whole of* manufacturing industry. Until everyone realises that orders *can only be taken against com*petition when the criteria of price, quality and delivery are *advantageous. British industry* will continue to decline.

The above criteria can only *be achieved when the whole* enterprise works to the same goal. Of course, management *make mistakes but their ulti*mate objective is to beat competition on all points. The Iron and Steel Trades Confederation seem determined to extract payments for which there is no money whilst the orders BSC will so desperately need after the strike are going elsewhere.

It is time management and unions sat down and decided how best to ensure that they had a profitable and healthy corporation.

Mr. Sirs should be deeply concerned that in the event of a victory in achieving a 20 per cent increase what will be the future of his industry after being idle for 13 weeks? *His* European brothers do not appear unduly concerned at the *plight of the British steel*worker.

J. Anderson.
2, Shillingford Court,
Shillingford, Oxon.

The impact of a clenched fist

From Mr. P. Brown

Sir,—Many of us will remember the impact made by the clenched fists of black power athletes on the rostrums of *previous Olympic games.* Could I suggest the West uses this technique to turn the TV coverage in Moscow into a boomerang for the Russians?

Rather than denying athletes the right to attend or, at least national financial support, we would I think gain much greater benefit and bring more succour to dissidents in Russia if the visiting teams and, for that matter visiting spectators, were *encouraged to give an acknow*ledged symbol such as an open fist salute on all possible occasions. Everyone would *know* that this sign indicated the individual's, the team's and their sponsoring nation's abhorrence to Russia's external and internal aggression and would surely have more affect than the rather patchy impact of abstentions by certain teams or individuals from certain Western countries. I fully support Mrs. Thatcher's *determination* to use the *games* to demonstrate to the Russian people our views on their Government's recent behaviour but, I feel, this could be both fairer and more effective than partial non-attendance.

Peter M. Brown.
Synergy Holdings,
12 Hyde Park Place, W2.

Increases in pensions

From Mr. R. Bankes-Jones.

Sir,—As the preferential advantage of indexed public sector pension increases at the taxpayers' expense becomes more iniquitous with continuing high inflation, it is inevitable that there should be another surge of protest in your correspondence columns — eg March 17. But one wonders whether any worthwhile and feasible correction of the growing anomaly can or should be found by isolating and revoking on arrangements for public sector pensions in payment alone—within upper amount limits for increases, perhaps.

High inflation is partly (and not least through their representatives) the work of those in public service, as distinct from a legacy from those safely in (mainly modest) retirement. It would be equitable, therefore, for a large part of the cost of *public sector pension increases* to come out of the available total for salary increases (which themselves increase initial pensions at retirement: and which are paving the road to ruin *rather than adding to the* national wealth). The case for this suggestion would be weaker *were the numbers on preferen*tial terms in the public sector less inflated.

It is also less than sensible to use (or ignore) the same index equally for the serving and the retired at all levels. Further, bearing in mind the greater measure of job security hitherto in the public sector in general, the Occupational Pensions Board should certainly find, in its long-awaited report on protecting (very unequal) pension accrual "rights" on change of employment, that the disparity between the public sector transfer club and practice in the private sector should be closed by financially feasible legislation applying to all occupational pension systems *equally.* Even allowing for different accrual rates, there must be a tendency for pension at retirement in the public sector to exceed that for the multi-employment "comparable" career in the private sector—before you come to extremes of indexed or nil increases from that base.

The point is not that indexed increases as measured only restore the real value annually *in arrear. The point is that, in* parallel, retirement from wealth-producing employments results in occupational pensions of ever diminishing real value. Redistribution of the unequal incidence of cost escalation must be achieved. A rebate on employer National Insurance contributions equal to the cost of applying the same increases as granted in the public sector to private sector pensions would *seem to be one way out of the* impasse (provided that Parliament fixed the common percentage basis). Why not: or what better?

R. M. Bankes-Jones,
154 Palewell Park,
East Sheen, SW14.

Today's Events

GENERAL

UK: Mr. Denis Healey, Shadow Chancellor of the Exchequer, and Mr. Len Murray, TUC general secretary, speak at conference on oil inflation and world credit, London.

Northern Ireland constitutional conference reconvenes, Belfast.

European Commission three-day symposium opens on nutrition and food technology, Church House, Westminster.

Mr. Enoch Powell speaks at conference on State's role in land use, *London.*

Mr. Gordon Richardson, Governor of the Bank of England, pre*sents Guardian Young Business*man of the Year Award, Mansion House.

World's most valuable stamp, British Guiana 1856 1 cent magenta, on view at Stanley Gibbons, London.

Overseas: Mr. Neil Marten, Overseas Development Minister, signs aid agreements, New Delhi.

PARLIAMENTARY BUSINESS

House of Commons: Social Security Bill, completion of remaining stages. *New Hebrides* Bill, remaining stages.

House of Lords: Debate on co*operation between the National* Health Service and the independent medical services during the *past 30 years.* Debate *on the need* to conserve *energy. Debate on* the closing of small village schools.

Select Committees: Education Science and Arts (Room 6, 9.30 am); Scottish Affairs (Room 12, 10.30 am); Welsh Affairs (Room 8, 10.30 am and Room 6, 4.15 pm); Foreign Affairs (Room 15, 10.45 am); Industry and Trade (Room 16, 10.45 am); Public Accounts (Room 15, 4.30 pm).

OFFICIAL STATISTICS

Indices of average earnings (January). Indices of basic rates of wages (February).

COMPANY MEETINGS

See Company News, Page 21.

Brooke Bond ahead midway as UK profits jump £7.7m

A SHARP increase in UK trading profits has boosted the pre-tax surplus of **Brooke Bond Liebig** to £24.21m for the six months to December 31, 1979, against £17.98m.

The improvement in UK trading surplus — up from £6.38m to £14.1m — resulted from a combination of increased volumes and margins, state the directors. But they add that the improvement in margins was due partly to the deferral of advertising expenditure caused by the *television strike and must be* regarded as exceptional.

The results of UK subsidiaries also reflect an improvement in the profitability of meat processing.

The directors warn that the trend in overall group profits has declined since the end of the year, and point out that a change in the geographical mix of profits means the traditional pattern of the half years cannot be taken as a reliable guide to the outcome for the full 12 months. For the last full year, pre-tax profits were £41.03m.

Overseas profits fell marginally from £12.37m to £12.01m. Australasian results, which include Bushells for the first time, were good, say the directors. But this improvement was offset by a further decline in plantation profits, a reduction in Europe and North America, and an overall loss in South America due to the effect of high cattle prices on Argentine meat processing for export.

Currency profits earned by overseas subsidiaries were also affected by changes in exchange rates.

The interim dividend is stepped up from 0.915p to 1.25p to reduce disparity, and absorbs £3.23m (£2.35m). Last year's final was 2.635p.

Turnover for the half year rose from £325.52m to £342.78m, and the profit is struck after reduced interest of £1.93m (£2.2m) and profits from the sale of land and buildings of £13,000 (£1.44m).

Tax takes £9.88m (£7.37m). An effectively lower rate of UK tax, resulting from the *incidence of* advance corporation tax, was offset by an increase in the overseas charge due to unrelieved fiscal losses. Consequently, say the directors, the overall rate *for the group was about the* same.

After minorities' profits of £650,000 (£613,000) and an extraordinary debit last time of £321,000, the attributable surplus is *£13.68m (£9.68m)*.

The figures have been prepared on the historical cost basis, modified to reflect the revaluation of certain assets, and comparative figures have been *restated where necessary.*

	Six months 1979 £000	1978 £000
Sales	342,778	325,521
Trading profit	26,118	18,741
UK	14,104	6,375
Overseas	12,014	12,366
Interest	1,925	2,203
Land, bldgs. sales	13	1,444
Profit before tax	24,206	17,982
Tax	9,877	7,369
Minorities	650	613
Extraord debit	—	321
Attributable	13,679	9,679

See Lex

HIGHLIGHTS

Brooke Bond Liebig has produced an unexpected sharp increase in half time profits helped by higher tea prices and good volume gains but the directors are sounding a cautious note over the second half. Lex also looks at the figures from **Smith and Nephew** showing a modest gain at the pre-tax level after operating margins have been squeezed and interest costs have taken their toll. Finally Lex comments on the recent shake out in the Australian stock market where some of the "resources" stocks have come in for sizeable price falls in line with the weakness of world commodity markets. On the inside pages **Waring and Gillow** pops up as the bidder for **Maple** and **Ward White** releases news of its first U.S. acquisition along with profit figures. **Watmoughs** is making a cash call and other features include the results of **Inveresk, Comben, Fairclough, Strong and Fisher** and **Richard Clay.**

Mr. Kenneth Kemp, chairman of Smith & Nephew, who yesterday announced a 4.6 per cent profit increase for 1979. Story, facing page

Trade Indemnity higher at £4.7m—premiums up £2m

PRE-TAX profits of **Trade Indemnity Company**, which writes credit insurance business in the UK and overseas, rose from £3.59m to £4.71m for 1979.

Premiums written totalled £21.8m, compared with £19.81m, following an 11.6 per cent advance to £10.78m at halfway.

Tax for the year was £2.36m against £1.86m *leaving a net* profit of £2.35m (£1.74m) giving earnings of 32.68p (24.1p) per 25p share.

The dividend is effectively raised to 5.6p (4.68915p) net *with a final payment of 3.6p.*

Amount brought forward of £1.19m (£1.04m) left the balance higher at £3.54m against £2.78m.

There was a transfer of £250,000 (same) to the underwriting contingency reserve, and a £1.5m (£1m) transfer to general reserve.

G. Spencer drops to £329,000

A MARKED downturn in second-half profitability left **George Spencer**, knitwear manufacturer, *with 1979 pre-tax profits down* from £454,595 to £329,049, on marginally higher turnover of £13.18m against £13.09m.

When reporting first-half profits ahead at £132,000 (£80,000), the directors said that although results had been affected by the haulage strike and internal reorganisation, prospects for the rest of the year indicated an upturn in profitability. In the event, profits for the second six months were almost halved from £374,595 to £197,049.

The dividend for the year is raised by 10 per cent from 2.751675p to 3.064323p net per 25p share.

With SSAP 15 adopted, tax took £25,524 *(£51,678). After extra*ordinary credits up from £9,294 to £52,399, attributable surplus emerged at £355,924 compared with £412,211. Comparisons are adjusted.

Comben climbs to £5m for year

INCLUDING a full 12 months' contribution from Orme Developments, taxable profits of **Comben Group**, estate developer and house builder, came out at a record £5m for 1979, compared with £1.47m for the previous nine months.

Turnover amounted to £51.06m against £21.29m.

For the second six months of comparative periods, profits expanded from £1.06m to £2.7m.

The dividend is lifted to 2.55p (1.7p for nine months) for the year, with a net final payment of 1.35p per 10p share.

Tax charge was £159,000 against £328,000 credit previously, and there was an extraordinary credit of £40,000 (£121,000).

Orme was acquired late in 1978, for which the group paid £6.4m in cash and issued over 15m shares.

After tax earnings are shown as 12.3p per share, against 6.07p.

As at December 31, fixed assets stood at £1.85m (£1.78m), and net current assets were £26.6m (£25.14m)—bank overdrafts were reduced from £5.44m to £1.4m.

Shareholders' funds increased from £12.82m to £16.68m.

● comment

With a full 12 months from Orme in for the first time, Comben has come through with a healthy pre-tax level, more than doubled when calculated on an annualised basis. Behind the pre-tax rise is a three point margin increase, spurred on mainly by house price rises of around 25 per cent during the past year. Orme also helped the company's volume to increase significantly and about one quarter of the sharply higher turnover can be attributed to this acquisition. Finally, the group's land bank now stands at a reasonable 8,000 plots, equivalent to roughly four years of development. The total net dividend is up 12.8 per cent on an annualised basis, yielding nearly 12 per cent at 31p. The p/e on a full tax charge comes to 5.

Watmoughs makes £1.3m cash call as profits rise

A 1979 pre-tax profits increase from £1.1m to a record £1.5m and a rights issue to raise £1.3m is announced by **Watmoughs (Holdings)**, printer, publisher *and packager.*

The proposed rights issue is on the basis of one-for-four at 110p, a discount of 13 per cent on yesterday's share price of 126p, down 17p.

The profits increase in the second half was similar to the first six months. The net final dividend is 3p for a total of 4.3p (3.04005p adjusted) and stated earnings *per share are 28.2p*, against 21.54p.

For 1981 the directors intend to pay dividends totalling not less than 5p net on the increased capiatl.

Explaining the rights, the directors disclose that they have committed the company to capital expenditure of about £4.2m in 1980 and an estimated £2m in 1981. While they believe that the cost of these developments is within the anticipated cash flow of the company and its existing bank facilities, they say it would be appropriate to fund part of the investment programme through an issue of permanent capital.

This will achieve a *better bal*ance between shareholders' funds and bank borrowings. In addition the company will be able to apply the proceeds in the short term *to reduce bank borrowings*, they add.

	1979 £000	1978† £000
Profit before tax	1,504	1,104
Turnover	13,065	10,451
Tax	92	68
Net profit	1,412	1,036
Pref. Divs.	1	1
Interim ord.	65	45
Final	150	107
To mortge red res acc	3	3
Retained	1,192	879

† Restated.

The additional capacity provided by new equipment "should enable the company to continue the progress of recent years."

Watmoughs has been advised by Singer and Friedlander. Brokers to the issue are Cazenove and Co.

On the outlook, the directors report that in the first half of the current year D. H. Greaves, the gravure printing subsidiary, will be facing higher operating costs from the new press without any contribution from new contracts. However, additional business has been booked for the second six months.

They also report that the *group's periodical division* has been awarded three important contracts. Further growth is expected in the security printing and packaging interests, and they believe the year as a whole will show continued progress.

● comment

With the short-term outlook so uncertain it is perhaps not exactly the best time for Watmoughs to be making a cash call. On the trading side much will depend on how long it takes for the new gravure press to become fully operational. At present it is on schedule but if gremlins start emerging it could be expensive. Also, because of the possible problems Watmoughs has been obliged not *to accept any new business in* the first half. All this is compounded by a heavy capital spending programme which, while well within the company's borrowing facility, would have meant *uncomfortably* high interest charges. As it is, net borrowings are roughly a third of shareholders' funds. Hence the rights issue although with an ex-rights yield of 5.8 per cent, the *attractions are hardly* overwhelming.

Richard Clay's midterm rise trimmed to £0.1m at year-end

TAXABLE PROFITS of **Richard Clay and Co.** fell from £978,452 to £900,166 in the second six months of 1979, leaving the full year result of the book printing and binding group ahead at £2.01m, compared with £1.9m previously.

Including this time a contribution of £3.8m from Fakenham Press which was acquired as from January 1, 1979, turnover for the year rose by £6.6m to £17.9m.

Earnings per 25p share are shown up from 13.83p to 14.85p and a final dividend of 1.9p lifts the total net payment to 3.5p (2.94226p) per share.

● comment

Second half profits at Richard Clay are down by 8 per cent on a reported pre-tax basis but, if a £263,000 transfer *from free reserves to the revenue account* is stripped out, the real decline is over one-third. The transfer results from the purchase of Fakenham Press which made a slight trading loss for the year *but should be contributing to* profits in the current year. It is doubtful, however, whether this (together with another reserve transfer) will be sufficient to prevent a decline in earnings in 1980. The group's high degree of specialisation provides some insulation against generally *falling* demand and it has invested heavily in modern composition equipment, but the strength of sterling is eating into export margins, and indirect exports account for around 40 *per cent of its business.* On top of that, spending cuts may hit sales of educational books in the current year. At 86p, the shares trade on a stated p/e of 5.7 but placing the figures on a full tax *charge and netting them of the* reserve transfer profits, the rating is a high 9.3. The yield of 5.9 per cent is hardly dazzling.

Malins to be wound up

Malins (Engineers), a Staffordshire-based manufacturer of model steam engines, is to be wound-up Lloyds Bank, a creditor for £250,000 yesterday appointed Mr. Alastair Jones, a partner in Peat Marwick Mitchell, chartered accountants, as receiver and manager to the company.

The company has been hit by two main problems: production delays, and heavier than expected financing costs, in connection with the company's new steam locomotive, and "disastrous" Christmas sales.

Mr. Jones said yesterday that he intended to continue to trade for the time being and try to sell the business as a going concern. Demand is good and with lots of interest being expressed in the company from various areas there seems to be every chance that a buyer will be found.

Malins new steam engine is now in full production. This forms part of a range of models which are the only ones of their kind made in Britain.

The company, established 50 years ago, employs a staff of around 120, and had a turnover of about £1m. Its last accounts for 1978 show a loss of £50,000.

Yearlings advance to 17%

The coupon rate on this week's batch of local authority yearling bonds is fixed at a record 17 per cent, up one eighth of a point on last week. Issued at par, the stocks mature March 25, 1981.

The issues are: Halton BC (£0.5m); Medina BC (£0.25m); Barnsley Metropolitan BC (£0.5m); Borough of Bournemouth (£1m); City of Cardiff (£0.75m); Costwold DC (£0.25m); Woodspring DC (£0.25m); City of York (£0.5m); London Borough *of Camden (£0.75m): Hart DC* (£0.25m): Hertfordshire CC (£1m); Strathclyde RC (£0.75m); Luton BC (£0.75m); London Borough of Newham (£0.75m); Wansbeck DC (£0.25m): Rochdale Metropolitan BC (£0.25m); Three Rivers DC (£0.25m); Borough of Rossendale (£0.5m); West Norfolk DC (£0.5m); City of Leeds (£2m); Oldham Metropolitan DC (£1m); West Derbyshire DC (£0.5m).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Brooke Bond Liebig int.	1.25§	July 1	0.92	—	3.55
Richard Clay	1.9	April 30	1.61	3.5	2.94
Comben Group	1.35	May 16	1.2‡	2.55	1.7‡
G. H. Downing int.	2.75	April 22	2.75	—	7.75
Fairclough Constrcn.	2.35	July 1	2	4	3.5
W. Goodkind int.	0.05	June 3	nil	—	nil
George Ingham	0.25	May 13	0.25	0.25	0.25
Inveresk	1	April 25	1.42	2	2.83
Lawtex int.	1.86	April 30	1.65	—	3.56
London Scot. Fince. int.	0.53	May 15	0.46*	—	1.76*
McCleery L'Amie	0.3	May 30	0.3	0.5	0.5
Padang Senang	2	—	1.6	2	1.6
Smith & Nephew	2.4	May 20	1.78	3.65	2.72
George Spencer	2.26	—	1.99	3.06	2.75
Strong & Fisher int.	2.8	April 3	2.08	—	6.08
Tomatin Distillers	2.75	April 25	2.44	3.75	3.38
Trade Indemnity	3.6	—	2.96*	5.6	4.69*
Ward White	2.88	—	*1.79**	4.2	2.76*
Waring & Gillow int.	1.5§	May 7	1.09	—	5.09
Watmoughs	3	April 25	2.14*	4.3	3.04*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital *increased by rights and/or acquisition issues.* ‡ For nine months.
§ To reduce disparity.

SPAIN

March 18	Price %	+ or −
Banco Bilbao	224	−2
Banco Central	249	−2
Banco Exterior	208	−2
Banco Hispano	219	−2
Banco Ind. Cat.	130	
Banco Madrid	154	−1
Banco Santander	266	−2
Banco Urquijo	167	−3
Banco Vizcaya	230	−2
Banco Zaragoza	232	−2
Dragados	100	
Espanola Zinc	61	+1
Fecsa	57.2	
Gal. Preciados	35	
Hidrola	64.2	
Iberduero	58.7	
Petroleos	108.2	−0.3
Petroliber	63	
Sogefisa	107	
Telefonica	54	−0.2
Union Elect.	62.5	−0.2

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.280	—	—	22	1.80	10	3.50	F.258.50
AKZ C	F.22.50	120	1.20	82	2.10	—	—	F.22.60
AKZ C	F.25	30	0.30	50	1	4	1.50	"
AKZ C	F.27.50	—	—	10	0.50	35	0.80	"
AKZ P	F.22.50	25	0.80	6	1.50	—	—	"
AKZ P	F.25	1	2.50	—	—	—	—	"
AKZ P	F.27.50	5	4.70	2	5.20	—	—	"
ARB C	F.60	—	—	—	—	1	1	F.56.10
EK C	$50	—	—	1	3	—	—	$46⅝
HEI C	F.60	—	—	10	3	—	—	F.60.80
HEI C	F.75	—	—	1	0.50	—	—	"
HO C	F.22.50	—	—	4	0.30	—	—	F.18.30
HO C	*F.25*	—	—	6	*0.30*	—	—	"
KLM C	F.60	106	4.70	39	6.10	12	8.50	F.64
KLM C	F.70	145	0.90	92	3.50	82	4.50	"
KLM C	F.80	50	0.10	5	0.80	15	2	"
KLM P	F.60	198	1.60	79	4	—	—	"
KLM P	F.70	35	7.10	64	7.60	—	—	"
KLM P	F.80	25	16.20	16	16	—	—	"
NN C	F.100	23	4	—	—	—	—	F.101.60
NN C	F.110	—	—	—	—	30	3.50	"
NN C	F115	—	—	11	1	—	—	"
NN C	F.120	—	—	—	—	30	1.20	"
NN P	F.110	11	8	—	—	6	9.50	"
PET C	Fr.5000	5	320	—	—	—	—	Fr.5210
PET C	Fr.5500	2	170	—	—	—	—	"
PET C	*Fr.6000*	*15*	*15*	4	*120*	—	—	"
PET P	Fr.5500	2	380	—	—	—	—	"
PHI C	F.17.50	12	0.70	25	1.10	49	1.60	F.17.60
PHI C	F.20	25	0.20	605	0.40	18	0.80	"
PHI C	F.22.50	—	—	5	0.30	—	—	"
PHI P	F.17.50	—	—	—	—	80	1.50	"
PHI P	F.20	30	2.10	10	2.60	16	2.60	"
PRD C	$25	—	—	1	1⅛	—	—	$20½
PSA C	F.300	—	—	10	5	—	—	F.255
RD C	F.140	127	12.30	54	14.20	—	—	F.151.40
RD C	F.145	36	8	—	—	—	—	"
RD C	F.150	866	5.40	243	7.90	13	9.20	"
RD C	F.160	827	1.70	345	4	3	6.50	"
RD C	F.170	444	0.40	360	1.70	102	3.20	"
RD P	F.140	1118	1.20	77	4	82	5.50	"
RD P	F.145	556	2	74	5.60	10	10	"
RD P	F.150	580	3.50	34	8	—	—	"
RD P	F.160	456	10	81	13	—	—	"
RD P	F.170	119	19	77	21	1	25	"
UNI C	F.110	26	1.50	—	—	—	—	F.107.50
UNI C	*F.115*	—	—	*10*	2	1	3	"
UNI C	F.120	—	—	5	0.80	—	—	"
UNI P	F.105	—	—	5	4.50	—	—	"
UNI P	F.110	—	—	8	8	—	—	"

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
BA C	$60	5	3⅜	5	6	—	—	$56
BA C	$70	50	⅞	—	—	—	—	"
OXY C	$25	50	1⅞	5	3⅛	—	—	$23⅝
SLB C	$100	5	7¼	5	12¼	—	—	$100
SLB C	$110	40	3⅛	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 9165

C=Call P=Put

Smith & Nephew 4.6% up as growth grinds to halt

WITH all the growth occurring in the first six months of the year, pre-tax profits of Smith and Nephew Associated Companies finished 1979 some £0.97m better at £22.15m, an increase of 4.6 per cent.

Despite a first-time contribution of £653,000, the second half actually showed a marginal downturn from £12.2m to £12.11m. However, the directors expect first-quarter 1980 profits to produce a slight improvement over the £5.01m for the corresponding period of 1979.

External sales for the 12 months advanced by 14.3 per cent to £204.5m and operating profits ended 8.8 per cent higher at £24.2m.

An analysis of sales and operating profits by activity shows (£000 omitted): medical and health care £85,693 (£74,540) and £11,228 (£9,715), up 15.6 per cent; personal hygiene £31,754 (£29,406) and £3,939 (£3,551), up 10.9 per cent; toiletries and cosmetics £29,611 (£30,334) and £1,273 (£2,631), down 51.6 per cent; medical and other textiles £38,504 (£36,754) and £3,222 (£4,371), down 26.3 per cent; plastics and tapes £42,528 (£27,275) and £4,531 (£1,979), up 129 per cent. Internal sales totalled £23.6m (£19.4m).

Broken down geographically they showed up as to (again £000s omitted): UK £130,491 (£111,386) and £14,144 (£12,253) up 15.4 per cent; Europe £25,606 (£24,007) and £2,377 (£2,816) down 15.6 per cent; Australia and Asia £26,091 (£25,138) and £2,611 (£2,811) down 7.1 per cent; Africa and Middle East £23,110 (£23,524) and £2,650 (£2,975) down 10.9 per cent; The Americas £22,792 (£14,252) and £2,411 (£1,391) up 73.3 per cent.

Taxable profits were struck after net cost of borrowings £4.24m (£3.08m) and included share of associates £2.2m (£2.01m). Due to increased stock appreciation relief and the low tax charge on U.S. profits as a result of using past tax losses, Tax charged fell from £6.3m to £5.7m and earnings per 10p share expanded by 2.7 per cent to 9.82p. UK deferred tax is not provided but if full provision had been made earnings per share would have shown a 13 per cent increase at 8.11p. The final dividend is 2.4p net, lifting the total payment by 34.4 per cent to 3.65p.

The release of stock appreciation relief in 1980 is expected, with full deferral of tax, to be some £1.25m less than in 1979.

	1979 £000	1978 £000
External sales	204,498	178,904
Operating profit	24,193	22,246
Net cost of borrowings	4,238	3,080
Share of assocs.	2,199	2,011
Profit before tax	22,154	21,177
Tax	5,660	6,345
Profit after tax	16,494	14,832
Minority profit	23	*10
Extraordinary losses	641	363
Exchange losses	1,857	735
Available	13,963	13,744
Preference divs.	10	10
Interim div.	2,057	1,427
Final	3,971	2,715
Retained	7,915	9,592

*Loss.

Anchor Continental Inc. of the U.S. was acquired in July 1979 for the equivalent of £8m cash. Anchor's sales for the six months to December 29, 1979 amounted to £8.69m and net profits to £488,000. The comparable cost of financing the acquisition after tax relief was £357,000. The assets of Anchor were revalued as at December 29 and the net assets are included in the group balance sheet at £7.08m.

A change in accounting policy has had the effect that exchange losses of £1.87m (£0.74m) have been charged as extraordinary items instead of against operating profits. Comparative figures for 1978 have been adjusted accordingly.

The balance sheet shows that net borrowings have increased by £13m to £38m. In 1979 £6.1m of the convertible loan stock was converted into equity capital and there is now £2.1m outstanding. Assuming conversion of this, net borrowings represent 45 per cent of the increased shareholders' funds. If there is no conversion, the ratio of net borrowings to existing shareholders' funds is 49 per cent.

At December 29, fixed assets stood at £57.88m (£47.83m) and net current assets at £51.08m (£38.99m).

During the year capital expenditure of £11.5m was incurred. Stocks and debtors, less creditors increased by £16m of which £3.5m arises from the inclusion of Anchor.

The AGM of the company will be held at the Grosvenor House Hotel, on May 8, at 11 am.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Armstrong Equipment, Bejam, Medminster, Trafford Park Estates, James Walker Goldsmith and Silversmith.

Finals: Banro Consolidated Industries, British Aluminium, Dickinson Robinson, Hall Engineering, Horizon Travel, House of Lerose, John I. Jacobs, A. A. Jones and Shipman, London and Manchester Assurance, Hugh Mackay, Manor National, Metal Closures, Molins, Thomas Tilling, Tube Investments, Vosper, Weir Group.

FUTURE DATES

Interims:	
Boazer (C. H.)	Mar. 24
British Car Auction	Mar. 24
Bell (Arthur)	Mar. 26
Ingall Industries	Apr. 1
M. T. D. (Mangula)	†Mar. 26
Makin (J. & J.) Paper Mills	Mar. 20
Park Place Investments	Mar. 21
Sirdar	Mar. 26
Tyzack (W. A.)	Mar. 21
Finals:	
Ash and Lacy	Apr. 9
Bestobell	Mar. 27
Bowring (C. T.)	Mar. 20
Brammer (H.)	Apr. 1
Bridon	Apr. 2
Britannia Arrow	Mar. 21
British Mohair Spinners	Mar. 27
Dufay Bitumastic	Mar. 25
Expanded Metal	Mar. 25
Glynwed	Mar. 31
Henriques (Arthur)	Mar. 21
Jersey General Invest. Trust	May 14
Ladbroke	Apr. 10
Magnolia (Mouldings)	†Apr. 3
Manders	Mar. 27
Norvic Securities	Mar. 20
Quick (H. and J.)	Mar. 24
Smith (W. H.)	Apr. 16
Western Motor	Mar. 27
Wolstenholme Rink	Mar. 25

†Amended.

Tomatin falls in second 6 months

A FALL of some £100,000 in the second half left taxable profits of Tomatin Distillers £35,000 lower in 1979, at £840,000. Turnover improved from £12.91m to £15.18m.

Mr. A. P. de Boer, chairman, says the current high interest rates are a deterrent to potential customers for new whisky and, if these persist, may result in a further decline in profits for 1980.

At midway in 1979, the pre-tax surplus was up from £412,000 to £479,000. The directors expected that full-year profits would not be less than last time if the volume of orders received during the second half was similar to the corresponding period in 1978.

The chairman now says production last year was almost the same as in 1978 despite the effects of outside strikes, but overheads resulted in reduced pre-tax profits.

The decline in overall margins was mainly due to the distorting effect of a further increase in turnover of the low margin broking operations in Edinburgh.

The net total dividend is raised from 3.38025p to 3.75p, with a final of 2.75p. Earnings per 25p share are given as 13.46p (14.07p).

Tax took £113,000 (£115,000). The charge for 1978 has been reduced by £189,000 following the adoption of SSAP 15, and £502,000 has been released from the deferred tax provision and added to group reserves, which now exceed £3m.

Direct exports increased by 51 per cent to £1.23m in 1979.

Today's company meetings

Crescent Japan Investment Trust, 4 Melville Crescent, Edinburgh, 12.30. Gopeng Consolidated, 65 London Wall, EC, 12.30. Ernest Jones (Jewellers), Institute of Directors, 116 Pall Mall, SW, 12. Lancashire and London Investment Trust, Winchester House, 100 Old Broad Street, EC, 12. Y. J. Lovell, Portman Hotel, Portman Square, W, 12. McKinnon of Scotland, Kirkshaws Road, Coatbridge, Lanarkshire, 11. F. Pratt Engineering, Grosvenor House, Park Lane, W, 12. Union Discount of London, 39 Cornhill, EC, 12.

Inveresk finishes ahead at £526,000 but cuts dividend

A SECOND half profit of £219,000, against a £224,000 loss, has left Inveresk Group, paper board concern, with taxable profits just ahead from £509,000 to £526,000 for 1979. External sales expanded by £9.56m to £84.94m.

The dividend, however, is cut from 2.834p to 2p net with a final of 1p per 50p share.

Results for the current year will benefit from the considerable decrease in group indebtedness, overhead reductions and the practice of strict economy, the directors state.

They will also be largely influenced by the progress made at the new plant at Carrongrove Mill, and by the impact of Government policies on UK economic activity, they add.

On a fully diluted basis earnings per share are shown as 0.9p compared with 0.5p.

Tax for the year took £208,000 against £306,000 and after an extraordinary credit of £77,000 comprising the profit on the disposal of the Link paper merchanting business, and minorities the attributable balance came out well ahead at £381,000 (£188,000).

	1979 £000	1978 £000
External sales	84,938	75,372
Pre-tax profit	526	509
Tax	208	306
Net profit	318	203
Extraordinary credit	77	—
Minority	14	15
Attributable	381	188

Pre-tax figure was struck after much higher interest of £1.47m against £541,000; last year's profits were reduced by an exceptional debit of £583,000, being rationalisation costs.

The paper and board companies contributed a slightly lower profit, with improvements in some businesses being offset by disappointments elsewhere, the directors say. Demand for products during the year was similar to 1978.

Printing and writing papers demand remained strong for most of the period, reflecting some inventory building by customers.

Commissioning of single-wire plain paper production was accomplished by July 1979, but delays were encountered in the satisfactory commissioning of the second wire on the paper machine and in the coating process.

Uncoated twin-wire paper is now being produced, trials of coated paper have been satisfactorily completed, and the directors expect that production of coated paper to full specification will shortly be attained.

Increased profits were achieved in the stationery group, and further selective investment, to provide increased capacity and improved operating efficiency, is planned.

The markets for the packaging activities continued to be highly competitive, directors state, and profits were similar to the previous year.

Additional capacity for carton production will be introduced in 1980 which, together with higher efficiency, is expected to considerably improve the sector's performance.

Higher rental income, reflecting new lettings and the benefits of rent reviews, was achieved in the industrial investment property division.

● comment

The news from Inveresk was less than heartening yesterday as almost tripled interest charges and just under £300,000 of Link losses slowed profits growth to a negligible amount at the pre-tax level. It has been a difficult time for the group, with disruption related to the work on Carrongrove hurting the paper and board side of the business and borrowing costs soaring. A significant portion of the almost £1.5m interest charges were tied to the now disposed of Link business. There were some bright spots for the company as its Northfleet Estate operation came through and stationery profits improved, but generally the near-term outlook seems dull. Demand for paper and packaging products may well be contracting this year and raw material (pulp) prices are on the rise. Inveresk could find itself with excess capacity, unless there is a major turnround in the UK market. The company has lowered its total net dividend by 29.4 per cent, but it is still uncovered, yielding 8 per cent at 36p, up 2p. The p/e comes to over 20 on a nil tax basis.

Full year profit for George Ingham

A second-half loss reduced from £29,802 to £6,531 meant that George Ingham and Co. (Holdings) ended 1979 with a pre-tax surplus of £18,759, against a deficit of £8,498 previously. In the first six months, profits of the worsted spinner had risen from £21,304 to £25,290.

Turnover for the year advanced from £1,495,308 to £2,279,690, while profit was subject to tax of £1,823 (£2,190).

Earnings per share are shown as 0.85p (0.53p loss) on a net basis and as 0.94p (0.42p loss) on a nil basis. With the interim dividend again omitted the final payment is held at 0.25p per share.

Little change at London Scot. Finance

PRE-TAX PROFITS of London Scottish Finance Corporation, the Manchester-based personal finance, credit control and specialist banking group, amounted to £350,600 in the six months to January 29, 1980. This compares with £375,465 for the previous 27 weeks.

Mr. Roland Landman, chairman, says profitability was almost maintained at last year's level despite the sharp increase in MLR during the period under review. This was achieved mainly by retaining a low level of gearing and expanding into non-capital intensive areas.

Turnover improved from £2.52m to £3.23m. Tax took £114,000, against £93,000.

The net interim dividend is effectively raised from 0.4575p to 0.525p — last year's total was equivalent to 1.7625p, paid from record taxable profits of £893,237 for the 53-week period.

The half-year pre-tax surplus was struck after increased finance costs of £467,000, compared with £349,000.

Fairclough tops £10m mark but growth slows in second half

IN THE second half of 1979, taxable profits of Fairclough Construction Group were marginally ahead at £6.1m, against £5.95m last time, leaving the full year figure at a record £10.17m, compared with £9.55m.

Turnover, in a difficult year for the construction industry, improved from £232.91m to £237.47m, while profits were boosted this time by associates' contributions of £2.77m.

Tax charge was down from £4.69m to £3.13m and stated earnings per 25p share increased to 16.03p (11.09p). A net final dividend of 2.35p raises the total payout to 4p (3.5p) per share.

The directors say a slight decline in UK profits was offset by an increase in overseas contributions.

The group has entered 1980 with the biggest and best workload in its history and the directors add that it is stronger and better balanced, with sound management at all levels.

	1979 £000	1978 £000
Turnover	237,472	232,909
Operating profit	7,395	9,555
Share of assocs. profit	2,771	—
Profit before tax	10,166	9,555
Taxation	3,130	4,686
Net profit	7,036	4,869
Extraordinary credit	—	124
Available	7,036	4,993
Dividends	1,756	1,536
To reserves	5,280	3,457

● comment

Profits taken in Saudi Arabia, shown as associate income this time rather than through the international construction subsidiary, have maintained Fairclough's long, unbroken profit record. But while the UK contribution is down and the overall level of turnover appears disappointingly flat, the group has started the year with a 40 per cent increase in the domestic order book and expects to complete British contracts worth over £200m in 1980 alone. The outlook for work in future years also looks good and the overseas order position, standing at over £100m, is similarly promising. Details of a new joint venture in Kenya will be announced shortly and work is progressing in North America and Australia. The market probably over-anticipated the level of overseas profits which Fairclough might be expected to start bringing in and the shares fell 2p yesterday to 64p. That still leaves a fully taxed historic p/e of 5.7 at a deserved one point premium to the construction average. The dividend, yielding just under 9 per cent, is comfortably covered by published earnings and a healthy tranche of deferred tax remains in the balance sheet. The KIO and the Saudi partner are large shareholders which limits marketability somewhat but, that slight caveat apart, Fairclough is a firm hold in a depressed sector.

McCleery L'Amie slips into loss: counter measures cost £1.2m

REFLECTING the problems experienced by the UK textile industry over the past year, McCleery L'Amie Group of Belfast, manufacturer of carpets, yarns, rope and twine, reports a pre-tax loss of £33,000 for the 12 months to December 31, 1979 against £414,000 profit.

Drastic action has been taken to reduce the group's exposure to the industry's problems, reports Sir Desmond Lorimer, chairman, resulting in closure costs of £1.2m which have been charged to reserves.

The results were also influenced by the gradual withdrawal of temporary employment subsidy, which last year amounted to £557,000.

The chairman points out, however, that the group's property base gives a stability that will enable it to withstand the outside pressures on manufacturing and trading.

A revaluation of freehold and long leasehold properties as at the year end has resulted in an increase of £2m, bringing the value of fixed assets to approximately £5m.

Turnover for the year was virtually static at £16.82m (£16.88m) and the trading surplus fell from £1.16m to £0.8m. Depreciation takes £527,000, the same as last year, and the interest charge is higher at £302,000 (£216,000).

After tax credits of £171,000 (£89,000), minorities of £1,000 (same) and the preference dividend, £4,000, attributable profit emerges at £133,000 (£337,000).

The dividend is maintained at last year's level, with a final of 0.3p making a net total of 0.5p. Stated earnings per 25p share are 1.04p (3.88p).

During the year Belfast Ropework's principal manufacturing activity was terminated, together with the textile engineering side of M.L.G. The closure of the synthetic yarn spinning plant at Saintfield was announced in January and provision has been made for the anticipated costs of this, as well as for the reorganisation of the carpet division.

Waring and Gillow makes £8.6m offer for Maple

BY ARNOLD KRANSDORFF

THE MYSTERY suitor for Maple and Co. (Holdings), the furniture retailer, yesterday came out into the open and made a formal bid for the company worth £8.6m.

The offer—by High Street competitor Waring and Gillow—is similar to the one made to Maple behind closed doors earlier this month. At the time Maple rejected the terms and discussions were terminated.

The latest bid was again rejected by Maple chairman Mr. David Keys who yesterday repeated his earlier assertion that the offer placed a "wholly unacceptable value on Maple shares."

After the formal offer was announced the company's shares rose 3p to 30½p while Waring and Gillow's slipped 9p to 109p.

Shortly before the announcement was made, Waring and Gillow reported that its profits for the first six months to end September, 1979, were virtually *unchanged at £2.1m pre-tax—due* mainly to the increase in VAT which caused considerable distortion to the normal trading pattern.

The terms of the offer are one ordinary 25p share in Waring and Gillow plus 252p cash for every 12 ordinary 10p shares in Maple. At yesterday's market price, this values the offer at 30p per share—equal to the cash alternative.

Preference shareholders are being offered 73p per share cash.

Waring and Gillow says that if the offer becomes unconditional, it will seek to procure the payment by Maple to its shareholders of a second interim dividend of 0.75p in respect of the year ended February 2, 1980, giving a total payment of 1p, an increase of a third.

Waring and Gillow believes that the acquisition of Maple provides a natural extension to its existing furniture and carpet retailing business. The directors *intend that the trading activities* of Maple will be continued and developed and that the interests of all employees, including existing pension entitlements, will be fully safeguarded.

Mr. Keys said that a takeover was an obvious advantage for Waring and Gillow because it eliminated a competitor. He believed that if the takeover was effected there would have to be some rationalisation because there was duplication of stores in a number of cities.

For the first half of 1979 Maple turned in pre-tax profits of £0.53m, against £0.31m. The company is due to release its full-year figures shortly.

Waring and Gillow's static first half was achieved on sales up from £27.1m to £29.8m. The clothing division incurred an increased loss of £85,000, against £43,000 last time.

The net interim dividend is being raised from 1.086774p to 1.5p to reduce disparity. Last year's total was 5.086774p.

Childs deal opens U.S. market for Ward White

BY ROBERT COTTRELL

Ward White, the footwear, safety clothing and engineering group, has agreed terms for a $15.25m (£7m) acquisition of the **Childs Corporation**, of Pittsburgh, U.S. Three-quarters of Childs' $41.5m (£19.03m) turnover comes from safety footwear under the Iron Age brand name. It also operates a chain of 51 leasehold retail shoe shops.

Childs made pre-tax profits of $4.38m (£2m) for the year to January 31, 1980. It has net assets of $14.24m (£6.5m).

Ward White will make up the purchase price by the issue of 6m new ordinary shares, to be subscribed by Morgan Grenfell and placed with institutional clients by Fielding Newson-Smith, plus $8m of bank borrowings. Childs has a $2m tax charge against which Ward White expects to be able to offset loan interest.

Ward White has set up a U.S. subsidiary, Ward White U.S. Holdings, into which Childs will be merged. It is the company's first step into the U.S. market, though it has footwear manufacturing and distribution subsidiaries throughout Europe.

The acquisition is a "pioneer effort in the field of safety," says Mr. Philip Birch, Ward White managing director and deputy chairman. While other British footwear companies including Clarks have acquired footwear shops in the U.S., Mr. Birch believes this to be the first transatlantic acquisition in safety footwear.

Ward White expects "considerable growth" from its new acquisition, because at present "U.S. safety standards have not been improved to the same standards as in Europe," says Mr. Birch. Childs comes with the advantage of some 12,000 "live" accounts, many of which are industrial companies *buying* bulk for re-sale to employees.

Ward White will retain the executive directors and senior staff of Childs. Three non-executives will leave the board, and Mr. Birch will join it as chairman and chief executive.

The acquisition is conditional on approval by Childs shareholders. Written objections by holders of more than 10 per cent of the shares will annul Ward White's commitment to the merger. Childs is an unlisted private corporation.

A pro-forma balance sheet produced by Ward White shows that the emergent company would have a total indebtedness of £11.44m, against shareholders' funds of £25.74m. The figures include two other acquisitions *made by Ward White last year*, the £575,000 engineering company Reason and Pickles, and £1.67m footwear manufacturer Portland Shoes.

In its preliminary results for the year to December 31, 1979, Ward White shows pre-tax profits of £5.79m, against £4.84m. Turnover was £76.98m (£69.98m), with a tax charge of £636,000 (£2.11m). The final net dividend of 2.88p makes 4.2p for the year, an effective increase of 50 per cent.

All divisions showed profits progress. Footwear manufacture made headway against cheaper foreign imports thanks to better contributions from up-market hand-made products.

Imports in turn brought better margins to retailing.

The engineering division returned to profit after 1978s £36,000 loss. The company pro*mises continuing investment in* its growing safety division, which now accounts for 50 per cent of sales.

For the current year, however, the company warns that de-stocking by retailers is affecting trading, while the steel strike may prove to have a damaging impact on customer demand.

● **comment**

Ward White's figures are encouraging against the background of a generally difficult year for the shoe industry. Import penetration has intensified, while firm first-half consumer demand petered out in the third quarter. The company is fortunate in its flexible mix of shoes. The cheaper TUF product just about *held its own, with the up-market* sector further strengthened by the Portland acquisition. Safety clothing looks a good growth bet. While other companies may move *in*, WW has established ties with major industrial customers. The Childs acquisition should be digestible, leaving WW about a third geared. There is the possibility of a further cash sweetener if WW should decide to sell off the less profitable retail division. The price—little more than net asset value, with an exit p/e of seven, is reasonable. WW's own p/e stands at an unambitious 2.6 at 61p on fully diluted stated earnings, with a 10 per cent yield.

Seddon trucks profit rises by £4.5m

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SEDDON ATKINSON, the truck-making subsidiary of International Harvester of the U.S., recorded a big jump in net profit for the year ended October 1979, to £7.172m (£2.586m). The rise made Seddon, based at Oldham, Lancs, the *most profitable* IH truck plant.

IH acquired Seddon in 1974 for £10m. Last year Seddon's sales rose from £78.8m to £89.4m and profit before tax and interest payments was up from £6.999m to £10.188m.

The big increase in net profit total was mainly due to lower tax charges, down from £3.134m to £1.852m. The Seddon accounts, just issued to employees, also show that a £3.526m loan from the parent company was repaid during the year.

Employees have been told every penny of the £7m profit will be needed to finance expansion plans.

In the first half of the current financial year Seddon will introduce five new truck models —believed to be additions to its 300 series of mid-range heavy trucks—and later will start a programme to introduce another 13.

A parts distribution expansion scheme, involving a new centre, is costing £2.5m and Seddon is making a contribution to a joint development project.

"While last year's figures are pleasing, I think this year will see a very hard fight indeed for profitability," Mr. Alan Crombie, comptroller, said.

And Mr. John Bradley, marketing manager, said in spite of lower total truck sales forecasts in the UK this year, the company was confident it would improve its market shares. "But inevitably there will be some reduction in profit levels as a result of fierce competition from those manufacturers whose survival will become more critical."

Seddon increased its share of the UK heavy truck market from 11.7 per cent to 12.5 per cent in 1979 and won sales mainly from Leyland, Ford and Volvo.

Mr. Barney White, managing director, told employees he wanted three to five years of financial results comparable with thoe of 1979 and continuous investment before "I *will wholeheartedly agree with* anyone that 'we are doing well'."

"It has been said that the number of truck companies in the world will reduce drastically in the coming years and I subscribe to this view. We will be one of the survivors because we recognise that investment in new products and methods is more vital now than at any time *in the history of the truck industry.*"

Hambros Bk. emerges as buyer of 5% Furness Withy holding

Hambros Bank has emerged as the mystery purchaser of a 4.99 per cent stake in **Furness Withy**, the British shipping group, from **European Ferries**.

Last night Furness Withy said the board had been informed that the 1.34m ordinary shares were bought by Hambros on March 14 and that 1m shares of that holding had been *retained for Hambros' own* account. The remainder had been taken up by certain investment and unit trusts managed by Hambros.

Hambros is planning to accept the £112.5m offer from Orient Overseas Container (Holdings), the quoted arm of the C. Y. Tung group of Hong Kong.

NO PROBES

The following mergers are not to be referred to the Monopolies and Mergers Commission: Hawker Siddeley Group/Fasco Industries Inc: Bendix Corporation/certain assets of Bendix Westinghouse: Associated Engineering/Societe Industrielle des Coussinets.

Bowring/Marsh report completed

The Office of Fair Trading is sending its recommendations and observations on the £237m bid by Marsh and McLennan of the U.S., the world's largest insurance broker, for C. T. Bowring to the Secretary of State for Trade.

A report of about 20 pages has been completed and has been studied by the Director General's office at the Office of Fair Trading. Depending on the report's findings a decision will be made on whether the Trade Minister should be recommended to refer the bid to the Monopolies and Mergers Commission or not.

It could take the Department of Trade a further two weeks to make its decision on the report which is expected to reach the Minister today.

It is understood that matters which have impinged on the public interest arising from the Bowring/Marsh bid have been *studied in the report and the* Minister will have to assess whether these present any serious issues.

Bowring is bitterly opposed to the bid and is relying on the OFT to recommend that the bid should be referred to the Monopolies and Mergers Commission to frustrate Marsh's intentions.

ASSOCIATE DEAL

Cazenove and Co. on March 17, 1980, bought on behalf of Arnside Investment, a wholly-owned subsidiary of Orient Overseas Container Holdings $5,000 Furness Withy at £3.90 and 60,000

MINING NEWS

U.S. Supreme Court drawn into surface coal mining dispute

BY PAUL CHEESERIGHT

THE U.S. Supreme Court is expected later this month to hear arguments on whether the contentious Surface Mining and Reclamation Act 1977 is constitutional. The Court this week blocked a ruling from a federal judge in Virginia that the Fed*eral Government has no right* to enforce major parts of the law in the state.

The Act was brought in to control the surface mining of coal and to ensure that land would be restored after mining had finished. The regulations attached to the Act, drawn up by the Office of Surface Mining (OSM), have been the subject of bitter industry criticism and a battery of legal actions.

The Supreme Court has become involved through the activity of the Virginia Surface Mining and Reclamation Association, which brings together small coal operators in the state.

The Virginia operators argued before a federal judge in the state that the Federal Government had no right to order the states to restore land to its original contours after mining and that, further, OSM inspectors had no right to order the shutdown of operations for transgressions of the Act. In short, they invoked the vexed issue of states' rights.

The federal judge agreed that parts of the Act were unconstitutional and handed down an injunction to stop the Federal Government enforcing parts of the Act—those related to restoration of the contours—in the state.

The Justice Department then intervened and won from the Supreme Court a delay in the enforcement of the Virginia judge's injunction. This week the delay was extended pending the hearing of a full appeal.

The Virginia operators have been hurt financially by the coincidence of the downturn in the domestic coal market and the imposition of the new Act, compliance with which can be costly. A number of operators have gone out of business and a considerable portion of the industry's 100m tons of unused capacity is in the eastern states.

But the question of the relationship between the states and the Federal Government, as far as the application of the Act is concerned, has been debated for a number of years. Some states have argued that their authority to control surface mining has been usurped by the Federal Government.

The matter has been taken up *in Congress and the Senate last* year passed amendments to the Act which would give the states a larger role in enforcing compliance with the broad provisions of the Act. But the amendments have been stalled in the House of Representatives.

The bigger coal operators, however, have been less concerned with attacking the constitutional merits of the Act than with seeking mitigation of the effects of regulations promulgated by the OSM to bring the Act into force.

Representing these operators, the National Coal Association has been asserting in the courts with some success that the OSM has been exceeding its authority in the way it has drawn up regulations. Its basic argument is that while the OSM may have the right to decide on the standard of performance at a mine, it does not have the right to decide how that standard should be achieved.

The OSM has been told in the courts to re-draft some of the regulations and has withdrawn others of its own accord.

But National Coal Association members are better equipped to meet the costs of the Act than smaller operators. Their objections have often been that costs are unnecessarily heavy, that the same environmental performance can often be achieved for less capital provided only the regulations are made more flexible.

Certainly the industry is now *looking in beter shape to cope* with environmental costs than it was a year ago. Demand grew in the third quarter of last year in response to oil price increases. U.S. production surged to reach 770m tons for the whole of 1979.

Although surplus capacity is still extensive, the industry is receiving fresh orders from countries like France and Spain and total production this year could reach 800m tons.

Rise in cement prices said to be 'responsible'

CRITICS of recent heavy increases in cement prices were yesterday rebuked by Lord Boyd-Carpenter, chairman of Rugby Portland Cement.

He said the rises were responsible and moderate, and served the well-being of the cement industry and its customers.

At the beginning of March, the Cement Makers' Federation raised the price of Portland cements by 24 per cent, a decision criticised by Sir Maurice Laing, president of the Federation of Civil Engineering Contractors.

The civil engineers said cement producers failed to provide adequate warning of the price changes and warned that *the scale of the increases could* lead to losses on fixed-price contracts.

The engineers challenged the cement industry's common-pricing agreement and threatened to ask the Department of Trade to review its operations.

After talks between the two parties the cement manufacturers agreed to put forward proposals affecting the timing and impact of future price increases, and the engineers said they would postpone plans to call for a Government investigation.

Lord Boyd-Carpenter said in London yesterday, however, that the recent price rises were "moderate." They represented the smallest increase which *could be made with any sense* of responsibility for the well-being of the *industry* and its customers.

He said return on capital employed in the industry had for years been low compared with many other sectors, and was insufficient to support investment.

"If we do not earn a sufficient return to make such investment possible and justifiable our costs would soar enormously with the rising cost of energy, and we should have to present our customers with the unpleasant option between enormously increased prices or having to rely on foreign imports," Lord Boyd-Carpenter said.

He said: "some people who should know better" had sought *to relate the size of the price* increases to the common-pricing agreement, whereas prices would be even higher if it were not for the existence of the industry-wide arrangement.

Lord Boyd-Carpenter said the common-pricing structure had helped to "produce the restraint which we have exercised and will continue to exercise in prices."

He said it had been accepted by the Restrictive Practices Court that the agreement did not work against the public interest.

"People who take it upon themselves to make public pronouncements about alleged 'cement rings' really should acquaint themselves with these *facts before blowing their heads* off in public," he said.

Higher interest charges hit Strong & Fisher

SHARPLY HIGHER interest, and losses resulting from the collapse of the raw hide market, left taxable profits of Strong and Fisher down from £768,200 to £669,600 for the half-year ended December 29, 1979.

Turnover of the clothing and fashion leather tanner was well ahead at £22.37m, compared with £16.37m. Interest jumped from £523,200 to £936,800.

In the last annual report, the directors said they were *confident that the first half* results would compare favourably with last time, while the second six months would depend upon the trend of raw material costs.

They now say that during the period under review leather sales from the tanneries remained buoyant and exports were maintained at 73 per cent of the leather produced.

The world hide market appears to have stabilised over recent months, allowing the group to trade normally.

As expected, world prices of lamb skins have also fallen substantially. This should enable the group to buy its requirement of skins for the coming season at realistic prices, they add.

The net interim dividend is being maintained at 2.08p—last *time a total of 6.08p was paid* from pre-tax profits of £2.12m for the 13-month period. Earnings per 25p share are shown down from 7.6p to 6.1p.

After tax of £399,000 (£390,000) and minorities, the attributable balance came through at £339,400, against £418,700.

The pre-tax profit was struck after interest, and depreciation of £151,600 (£147,900), and included share of associates' profits of £144,400 (£67,900).

● **comment**

The story from Strong and Fisher yesterday echoed the previous day's results from Pittards. Volume has advanced usefully but a dramatic fall in hide prices and a rise in sterling have eaten up pre-tax margins. In contrast to Pittards, S & F has also been hit by much higher interest rates. The basic trading picture is more encouraging. Stripping out interest charges and the turnaround from stock profits of perhaps £50,000 in the first-half of last year to losses of £250,000 in the same period of this, trading profits are higher by over a third. The group is making efforts to reduce stocks and the recent recovery in hide prices should help, but the main strength is the continuing strong demand for lambskin goods, which represent the mainstay of the business. The prospects for the second-half are too clouded to make a realistic forecast, but the share price of 68p at least suggests a healthy yield of *almost 13.2 per cent if the final is maintained.*

Padang Senang

Taxable profits of **Padang Senang Rubber** improved from £142,922 to £150,242 in the year to September 30, 1979.

The annual dividend is stepped up from 1.6p to 2p net, and the directors are proposing a one-for-one scrip issue.

After tax of £71,000 (£72,900), stated earnings per 10p share are 3.2p (2.83p).

First half advance by Lawtex

PRE-TAX profits of **Lawtex**, the Manchester-based manufacturer of clothing and umbrellas, rose substantially from £156,938 to £271,200 in the 26 weeks to December 29, 1979. Tax was unchanged at £16,000.

The net interim dividend is raised from 1.65p to 1.875p—last year's total was 3.5625p from pre-tax profit of £413,000 after an exchange loss of £48,000.

Commenting on the figures, Mr. G. M. Schaefer, the chairman, says that although the results for the first half compare favour*ably with those of the corres*ponding period, the present state of the economy gives reason to believe that the results for the second half will not show a similar improvement.

Earnings per 25p share are up from 7p to 12.8p.

Israeli diamond exports rise again

Israeli exports of polished diamonds have started to rise again for the first time in two years, both in terms of volume *and value*, **reports L. Daniel from Tel Aviv.**

During the first two months of the year, exports were 513,000 carats, a rise of 30.9 per cent over the same period of 1979. The value of these exports was $323 (£147.8m), an increase of 53.8 per cent. Part of this increased value reflects the higher price paid for rough gems.

The main increase in sales took place in the U.S. and western Europe. Sales to the U.S. were worth $108.5m, or 40 per cent more than in January and February 1979. Sales to Belgium, West Germany and Switzerland more than doubled.

On the other hand, exports to Japan and Hong Kong were slightly down on last year.

These figures indicate some consolidation in the market, which has lost its ebullience of 18 months ago. Mr. Moshe Schnitzer, the president of the Israeli Diamond Exchange conceded last December that stocks were high. Generally, the market for stones under one carat has been subdued for some months, although prices have remained firm for larger stones.

ROUND-UP

Cliffs Robe River, the Western Australian iron ore producer, is to close its Cape Lambert pelleting plant at the end of April because of excessive fuel costs, the Australian Information Service reported. Production has become uneconomic and further oil price rises are expected, the company said.

* * *

Endeavour Resources of Melbourne has encountered what it called "significant porphyry copper style mineralisation" in two of the diamond drill holes at its Sulawesi prospect in Indonesia. The company is awaiting assay results from two more holes. It is drilling a fifth and plans a sixth to complete the present programme.

* * *

Western Mining is renewing its lease over the whole of **Hampton Trust's** Location 46 area in the Kalgoorlie district of Western Australia for a further three years and will spend A$250,000 (£124,720) on exploration for nickel and gold.

Export tax in Philippines

THE premium export tax on copper, gold, silver and refractory chrome is to be re-imposed in the Philippines, **reports Leo Gonzaga from Manila.**

President Ferdinand Marcos *yesterday* ordered the re-imposition in order, as he put it, to enable the Government to gain a share of windfall profits accruing to exporters from the current good market for the four products.

There are varying rates for the premium import tax, but it is equivalent to 20 per cent of the difference between the current price of the mineral in question, as determined by the Bureau of Customs, and the base price, which will be 90 per cent of the average f.o.b. value of last December.

SHARE STAKES

Matthew Hall—United Kingdom Temperance and Provident Institution acquired interest in 911,000 shares (5.33 per cent) on March 11.

Town Centre Securities—Mr. N. Ziff, director, has sold 15,000 shares.

London Trust Company—Mr. Edward D. G. Davies, chairman has a non-beneficial interest in 12,000 deferred shares in joint account with Mr. J. H. Davies and Mr. M. R. Lovegrove.

Laganvale Estates.—Mereghyll Investments hold 784,058 shares (18.23 per cent).

Hampton Trust—Company has been notified that on March 14 1980, Angloped Investments sold 400,000 ordinary shares and their shareholding is now less than 5 per cent of the issued share capital.

Management consultancies hit by overseas setbacks

BY JASON CRISP

GROWTH in the activities of British management consultants slowed markedly last year because of a fall in overseas income, particularly in Africa.

The 1979 fee income of members of the Management Consultants Association rose 12 per cent to £52.8m, according to the association's annual re*port published yesterday.* Fee income rose 25 per cent in 1978.

For the second consecutive year most of the expansion in business was in the British Isles where fee income rose 22 per cent against 31 per cent in 1978. British fee income was £37.4m, just more than 70 per cent of the total.

There was a drop in income from all three of the main overseas markets in Western Europe, the Middle East and Africa.

In Africa fee income fell almost 40 per cent to £2m. According to John Armstrong, chairman of the MCA and head of Urwick Orr, most of the reduction in business has been voluntary, because of general problems with remitting funds, and political instability in southern Africa.

A large part of the blame for the general fall in overseas income—which was down by 7 per cent at £15.4m, was directed at the strong pound, which reduced overseas earnings and made British consultants uncompetitive, particularly against North American companies.

Ironically the largest growth in overseas business was in the Americas themselves, up more than 50 per cent from a fairly small base.

Mr. Armstrong said there was an "unrelenting growth in demand" for management consultants' services supporting the industrial application of computer technology, especially microprocessors.

Assignments which require a major installation of computer technology have risen 140 per cent in the past three years, and rose almost 50 per cent in 1979.

Mr. Armstrong said there was a strong demand for all forms of management training from countries at all stages of their industrial development. After several flat years there had been been a rise in the number of assignments for work on organisation and policy formation, particularly in Britain, where fee income in this area was up almost 40 per cent.

There are 24 firms of consultants in the MCA, including most of the largest ones, such as PE, Inbucon, and Coopers and Lybrand. The notable exception is PA, which is substantially larger than any MCA firm.

Visit to study gas turbines

By Lorne Barling

LEADING American experts in the use of gas turbine engines *for road transport*, visited Noel Penny Turbines in Coventry yesterday to discuss the company's progress in the field.

The Coventry company is one of the most experienced in small turbines in Europe and is clearly of interest to the U.S. Energy Department, which will spend $140m by 1990 on the development of gas turbines for road transport.

The Department has five commercial buses and four inter-state Greyhound buses running on gas and plans to introduce 50 more similar vehicles, which will run on alcohol. Penny, which is working along similar lines to American companies, also has turbines under tests on vehicles in the U.S.

The goal of the U.S. programme is to show that turbines can achieve at least 30 per cent improvement in fuel economy compared with conventional engines, reduce emissions, and run on fuels not derived from oil.

NORTH AMERICAN NEWS

Setback to fourth quarter net income at K Mart

BY OUR FINANCIAL STAFF

NET INCOME of K Mart Corporation, one of the top three retailers in the U.S., for the fourth quarter ended on January 30 fell from $160.4m to $146m. This is in line with the forecast made in January this year by Mr. R. E. Dewar, the chairman, that earnings would be down because of lower-than-anticipated sales during the Christmas season, continuing pressure on costs and higher than expected mark-downs as a consequence of warm weather.

Sales for the quarter advanced from $3.72bn to $4.03bn, and earnings per share came out at $1.15 against $1.27.

K Mart still scored an advance for the full year, however, with net income up from $343.7m or $2.74 a share to $358m or $2.84 on sales ahead from $11.29bn to $12.73bn.

The fourth quarter setback was also forecast by analysts, who warned that rising expenses and some intensification of price competition might restrict margins over the near term.

Another major U.S. stores group, Allied Stores, has reported a flat earnings performance for the fourth quarter to February 2. Allied pointed out that earnings for both the quarter and the full year were adversely affected by the Lifo valuation of stocks—the provision for Lifo during the quarter was 8 cents a share higher than for the corresponding period of last year, and – cents higher over the year.

Net income for the quarter of $52.06m against $51.19m produced earnings per share of $2.51 fully diluted compared with $2.47. The quarter's sales expanded from $728m to $741.7m. Full-year net income was $90.14m or $4.35 a share fully diluted against $82.34m or $3.98, on sales of $2.21bn against $2.08bn.

Interest costs hit Sears results

BY STEWART FLEMING IN NEW YORK

EVEN THOUGH sales revenues rose to $5bn for the first time in a fourth quarter, higher interest costs hit profits of Sears, Roebuck, the largest U.S. retail stores chain.

Fourth quarter net income amounted to $254.3m, compared with the record net of $329.8m reported in the same period of 1978. Earnings per share were down 21.6 per cent, from $1.02 to 80 cents. Interest costs surged from $149.5m in the fourth quarter of 1978 to $189.9m—an increase of 27 per cent.

For the year Sears' earnings were also sharply lower at $810m compared with $921.5m in 1978. Earnings per share were 11.2 per cent down from $2.86 to $2.54 a share. Sales revenues for the year were $17.5bn against $17.9bn previously.

Earnings of the group's large insurance operation, the Allstate Companies, were $118.7m in the fourth quarter compared with $113.8m a year ago, and $461m for the year compared with $466m a year ago.

Peak profits year for Jewel

BY OUR FINANCIAL STAFF

RECORD results are reported by Jewel Companies, the Chicago-based supermarkets and drug stores group. Net earnings for the fiscal (52 weeks) year ended February 2 last totalled $50.69m, equal to $4.54 a share—an increase of 23.2 per cent on the previous (53 weeks) year's $41.14m or $3.59 a share. Sales were 6.8 per cent higher at $3.76bn.

Fourth quarter net earnings were $19.53m or $1.75 a share—17.4 per cent up on the previous year's corresponding $16.64m or $1.47 a share, on sales virtually unchanged at $956.5m.

A major factor behind the earnings increase was the group's 41.7 per cent investment in Aurrera, a Mexican retailer. This company contributed profits equal to 53 cents a share in the fourth quarter and 1.30 a share for the year. Corresponding returns for the previous year were 29 cents and 74 cents respectively.

Another factor distorting the group's performance was the loss of 24 cents a share in the year from the Jewel T discount grocery stores. This was due to rapid expansion of the chain to 100 stores in eight states, involving heavy start-up expense. This loss is expected to be substantially reduced this year.

McCormick directors turn down Sandoz

By Ian Hargreaves in New York

THE DIRECTORS of McCormick, the Maryland spice company, have unanimously resolved to try to beat off a $420m merger proposal from Sandoz, the Swiss pharmaceutical and food concern.

The U.S. company issued a statement yesterday saying that its Board had concluded at a six-hour meeting the previous day that the offer was "inadequate and untimely relative to the company's prospects."

The statement also mentioned the McCormick Board's concern about the possible anti-trust complications of a merger. At the end of last week, the Maryland Attorney General announced that he would be looking at certain aspects of the proposed deal.

Mr. Harry Wells, chairman of McCormick, said yesterday that he had written to Dr. Yves Dunant, chairman of Sandoz, complaining that the Swiss company's pursuit of its offer continued to disrupt McCormick's business, and asking him to call off the bid.

Sandoz responded promptly to say that it had no intention of withdrawing its offer. "We have a long-range perspective and we do not feel rushed at all," Dr. Dunant said.

Citicorp income down but payout lifted

By Our Financial Staff

CITICORP, the parent company of Citibank, the second largest bank in the world, has increased its quarterly dividend from 32½ cents to 35½ cents a share, payable May 1 to shareholders of record on March 28.

But the bank states that income before securities transactions and net income for the first quarter of 1980 will be down significantly from that for the same period of 1979, when operating earnings equalled $1.01 a share. This lower income is caused by current unsettled market interest rate levels on the fixed rate portion of the bank's portfolio.

The bank also said that 2 per cent of its assets, represented by credit card outstandings, will continue to contribute a drag on earnings until alternative pricing strategies are implemented or money market interest rates decline. Citicorp said that credit cards are subject to New York State's unrealistically low usury ceilings.

In order to moderate the impact of its credit card business, the bank said it would begin steps to transfer its national credit card operations outside New York in order to obtain greater pricing flexibility.

Chrysler now sees possible $650m losses

By Our New York Staff

CHRYSLER has been granted a waiver from some U.S. anti-pollution laws for the cars it will produce in the model year starting in October, but the company now confirms that its losses may be closer to $650m than the $500m projected a few weeks ago.

Both points are made in a document Chrysler has filed with the Securities and Exchange Commission in connection with its proposed issue of as much as $400m of debentures to dealers and suppliers and others with a financial interest in the company.

The Environmental Protection Agency said that it had exempted Chrysler from certain standards because its financial condition prevented it from employing the necessary technology to meet the standards. American Motors, the smallest U.S. car manufacturer, has been granted similar exemptions in the past.

It was also reported yesterday that Chrysler will agree within the next three weeks a $340m aid package from the Canadian Government.

Standard Life of Indiana rejects offer

INDIANAPOLIS — Standard Life Insurance of Indiana said that its directors had formally rejected an offer of $23 a share for its shares by Kaufman and Broad and Kaufman's Sun Life Group subsidiary.

In a letter to shareholders, the company said that the offer was not only grossly deficient in reflecting the true value of the stock, but was against the best interests of the shareholders.

Reuter

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	79⅝	79⅞	+0⅛	+0⅛	14.05
Alex Howden XW 9½ 91	30	70	72	0	0	14.97
Australian Res. 9⅜ 84...	30	84¼	84¾	−0¼	−0⅜	14.62
Avco O/S Cap. 10¾ 87	40	76¼	76¾	+0⅛	−0⅛	16.19
Beneficial Fin. 9¾ 87...	100	80	80½	−0⅛	+1	14.23
CECA Grad. Rate 12 86	100	88⅜	88⅞	−0⅛	−0⅛	14.74
CECA 11⅛ 90	50	85¾	86¼	−0⅞	+1⅛	14.40
Canadian Pacific 9¾ 89	50	80⅜	80⅞	0	+2¼	13.55
Carter Hawley 9¾ 86...	50	81⅜	81⅞	0	+0⅛	14.35
Comalco Inv. E. 10¾ 91	40	78⅜	78⅞	+0⅛	+0⅛	14.11
Continental Grp. 9⅜ 86	100	81⅛	81⅝	−0⅛	+0⅞	14.27
Dome Petroleum 10 94	50	75⅞	76⅜	0	+1¼	13.90
Dominion Bridge 10¾ 84	30	87⅜	88⅛	+0⅛	+0⅛	14.21
EIB 11⅛ 92	80	84⅝	85⅛	+0⅛	+1	14.47
EIB 10.15 99	100	†72¾	74¼	0	+1⅛	14.72
Exportfin 11⅛ 87	50	87½	88	−0¼	+0¼	14.14
Export Dv. Cpn. 9⅛ 84	100	84⅜	84⅞	−0⅛	+0¼	14.63
Export Dv. Cpn. 9⅜ 84	150	84⅝	85⅛	0	+0½	14.55
Finland 9⅜ 89	100	76	77¼	+0¼	+1⅛	14.74
GTE Finance 9¾ 89	55	78⅞	79⅜	+0¼	+0⅜	13.85
GMAC 9¼ 86	100	80⅞	81⅜	−0⅛	+0⅛	13.95
GMAC O/S Fin. 11 84	100	89⅞	90⅜	+0⅛	+0⅛	13.94
Gould Int. Fin. 9¾ 85...	50	83¾	84¼	0	0	14.49
ITT Antilles 9½ 89	75	76	76½	−0¼	+1	14.31
Kennecott Int. 9½ 86...	100	79½	80	−0⅛	+1	14.70
Manitoba 9½ 89	75	77⅞	78⅜	−0⅛	+0⅛	13.91
Michelin 10 94	125	73	73½	+0⅛	+1⅛	14.49
Nat. Des. Telecm. 9½ 86	100	81⅝	82⅛	+0⅛	+0⅛	14.02
New Brunswick 9⅜ 94	75	74	74½	0	+0⅜	14.06
Newfoundland 10 94	50	76¾	77¼	+0⅛	+2¼	13.79
Norges Komm. 9⅞ 99...	100	73⅛	73⅝	+0⅛	+2⅞	14.34
Norway 9½ 84	150	85⅛	75⅝	+0⅛	−0⅛	14.43
Nova Scotia Pwr. 9¾ 89	50	79⅜	79⅞	+0⅛	+1⅝	13.78
Occidental Fin. 10¼ 84	50	85¾	86¼	−0½	−0½	14.93
Orient Leasing 9½ 86...	25	77¾	78½	−0⅛	+0⅛	15.09
Pennwalt O/S F. 9¾ 84	25	84⅜	84⅞	0	+0¼	14.89
Pepsico Cap. 9¼ 84	100	85⅛	85⅝	0	0	14.34
Quebec Hydro 10 99	75	73⅞	74⅜	+0½	+2⅛	13.91
Sears Roebuck 9 82	150	89½	90	+0⅛	−0⅛	15.58
Statoil 9⅞ 89	100	78¾	79¼	+0⅛	+1	13.71
Sweden 9¾ 89	100	79½	80	+0⅛	+1	13.77
Sweden 9½ 86	200	81⅛	81⅝	+0⅛	−0¼	14.63
Sweden 9¾ 84	100	85	85½	+0⅛	−0⅛	14.45
Unilever NV 9⅛ 87	100	79½	80	+0⅛	−0⅛	13.79
Warner-Lambert 9 84	100	83½	84	0	+0⅛	14.29

Average price changes... On day +0⅛ on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	†92¾	93¼	−0⅛	−0⅛	9.31
Asian Dev. Bk. 7⅛ 89...	100	†82½	83	−0¼	−0⅛	10.18
Australia 8⅛ 90	250	95⅝	96⅛	−0⅛	−0⅛	8.74
Barclays O'seas 6¾ 89	100	†81	82	−1	−1	9.92
BFCE 7¾ 87	100	89⅞	90⅜	−0⅞	0	9.76
BFCE 8⅛ 95	100	87	88	−0½	+0⅛	9.75
Brazil 8 87	150	87⅛	88	−0⅛	+1⅛	10.47
CECA 7 91	150	84⅜	84⅞	−0⅛	−0¼	9.30
Council of Eur. 7⅛ 89...	100	87⅛	87⅝	−0⅛	−0⅛	9.34
Denmark 7⅞ 86	100	90¼	91	−0⅞	−0⅛	10.06
Denmark 8¼ 92	100	89⅜	89⅞	−0⅞	−0½	9.78
EEC 7⅞ 94	225	87¼	88	−0⅛	+0⅞	9.46
EIB 7½ 89	200	85⅜	86⅛	−0½	−1	9.88
Finland Rep. of 8 86...	150	91¾	92½	−0⅞	+1⅝	9.63
Kobe, City of 7⅛ 89	150	83½	84¼	−0⅛	+1	9.79
Neder. Gasunie 8 86	100	92½	93	−0⅛	+0⅛	9.50
New Zealand 7⅛ 87	200	†85½	86	−1	−0⅛	9.89
Norges Komm. 7⅜ 91...	150	†88	89	0	−0½	9.44
Norway 7½ 85	250	92⅜	92⅞	−0¼	+0¼	9.50
OKB 6 87	40	†83	84	0	0	9.36
OKB 7⅛ 89	100	84⅞	85⅛	−0⅛	−1⅛	9.90
World Bank 7⅛ 91	400	84⅜	84⅞	−1⅛	−1⅛	10.08
World Bank 7⅛ 90	250	88½	89⅛	−0⅛	+0⅛	9.87

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	83⅜	83⅞	−0½	+1¼	8.04
Aumar 5 89	60	82½	83	+0⅛	+1¼	7.65
Australia 3⅝ 89	250	81¼	81¾	−0⅛	−0⅛	6.38
Bergen, City of 4¾ 91...	40	81	82	−0¼	−2	7.19
BNDE 5 89	75	78	78½	−0½	0	8.45
BMW Overseas 4¾ 91...	100	81	81½	−0½	−0⅛	6.62
Caisse Nat. Tele. 4⅝ 89	100	82¼	82¾	−1⅛	−1½	6.95
Canada 3⅝ 89	300	80	80¾	−2	−1⅞	6.63
CCCE 5⅜ 90	100	95⅞	95⅜	−0½	−1¼	6.39
Copenhagen 4½ 91	60	72⅞	73⅜	−0⅛	−8¼	8.16
Council of Eur. 5 89	100	83	83½	−0½	−1⅜	7.49
EIB 4½ 91	100	79⅜	79⅞	−0⅛	−0⅛	7.19
EIB 4⅜ 94	100	71½	72	−0½	−3⅝	7.68
Elet. de France 4⅜ 89...	100	83¼	84	−0⅛	−1½	6.79
GZB 4¼ 89	100	81½	82	0	−0⅛	6.81
HIN 4½ 91	35	83⅝	83¼	−0⅛	+0⅛	6.29
Int.-Amer. Dev. 4½ 89	100	77¼	77¾	+0½	+1	7.99
Jutland Tele. 5½ 90	50	91⅛	91⅝	+0⅛	−0½	6.70
Malaysia 5 89	80	81½	82	−2⅝	−3½	7.77
Nippon Tel. & T. 4⅝ 89	100	81	82	−0⅛	−2⅞	6.96
Nordic Bank 5 89	45	85¾	86¼	+0¼	+1¾	7.09
Norges Komm. 4⅝ 91...	100	†78¾	79¼	−1¼	−1⅛	7.09
OKB 3¾ 91	100	70	70½	0	−3½	7.89
OKB 4⅜ 91	100	79½	80	−0⅛	−0½	6.98
Oslo, City of 4⅜ 91	100	77	77½	−1½	−1¼	7.35
Shikoku El. Pwr. 4⅜ 89	100	82⅜	82⅞	−1⅛	−2⅛	7.37
Sloweag 4⅜ 91	80	82¼	82¾	+0⅛	−0⅞	7.04
Voest-Alpine 4¾ 89	90	82⅜	82⅞	+0⅛	−1⅛	7.42
World Bank 4⅝ 89	100	82½	83	+0⅛	+0½	7.21
World Bank 4⅝ 89	150	78½	79	−0½	−1¼	7.58
World Bank 4⅝ 91	100	79¾	80¼	−0⅛	−0⅛	7.22

Average price changes... On day −0⅛ on week −1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	81¾	82¾	0	−0⅞	11.95
Australia 6⅞ 88	20	74	75	0	−1¼	11.46
EIB 7¼ 89	12	85⅞	86⅞	+0⅛	0	10.17
Finland 5.6 83	10	81⅞	82⅞	0	+0⅛	11.82
Finland 6.8 88	10	78¾	79¾	0	−0⅛	10.75

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10⅛ 86 C$	25	80⅜	80⅞	−0¼	−0½	15.34
Bell Canada 10¾ 86 C$	60	85⅝	86⅛	−0⅛	+0⅛	14.30
Cr. Foncier 10⅛ 84 C$	30	84½	85¼	−0⅛	−0⅛	15.20
Ex. Dev. Cpn. 10 84 C$	50	85¾	86¼	−0⅛	+0⅛	14.70
Fst. Can. Inv. 10 84 C$	50	84⅞	85⅜	−0⅛	0	15.03
Hudson Bay 10½ 89 C$	60	77¾	78¼	−0⅛	−0⅛	15.10
Quebec 10¼ 86 C$	50	81⅞	83⅛	−0½	+0⅛	14.73
R. Bk. Canada 10 86 C$	40	84¼	84¾	−0¼	+1	13.88
R. Bk. Canada 10 94 C$	40	74⅞	75⅜	+0⅛	+1⅛	14.14
Copenhagen 8¾ 91 EUA	20	89½	90¼	0	0	10.24
M. Bk. Dnmk. 9 91 EUA	25	91	92¼	0	−1⅝	10.25
SOFTE 8¼ 89 EUA	40	81	82½	0	−0⅞	11.61
U. Bk. Nrwy. 9½ 90 EUA	18	97¾	98¼	0	+0⅛	9.78
Algemene Bk. 8¾ 84 Fl	75	90¼	90¾	0	−1⅛	11.01
Ned. Gasunie 8¾ 84 Fl	50	89⅝	90⅛	0	−0⅛	11.87
Ned. Middbk. 8¾ 84 Fl	75	89¼	89¾	−0¼	−1¼	11.70
Norway 8¾ 84 Fl	100	90¼	90¾	−0¼	−1⅛	11.34
Norway 8⅛ 84 Fl	100	91	91½	−0⅛	−1	10.76
Philips Lamps 8¼ 84 Fl	75	90¾	91¼	0	+0½	11.25
Air France 11 84 FFr	120	89	90	0	+0⅛	14.27
Euratom 9¾ 87 FFr	150	80¼	81	+1⅞	+1⅝	14.19
Finland 11 84 FFr	80	88¼	89	−0¼	+0½	14.52
Finland 11½ 89 FFr	70	84	84¾	−0⅛	+0⅛	14.59
Gaz de France 11 84 FFr	150	88¾	89¼	0	+0¼	14.28
IBM France 11⅞ 84 FFr	120	90½	91¼	0	+0⅛	14.62
Renault 9¾ 85 FFr	100	81¾	82½	−0⅛	+0¼	14.81
Saint-Gobain 9⅜ 86 FFr	130	80⅛	80⅞	0	+0⅛	14.76
Solvay et Cie 9¾ 87 FFr	125	77⅞	78⅝	−0⅛	−0⅛	14.92
Total Oil 9⅜ 87 FFr	150	77⅝	78⅜	+0⅛	0	14.60
Citicorp O/S 13¾ 90 £	50	91½	92¼	−0⅛	+2½	15.11
EIB 11½ 91 £	25	80⅛	80⅞	−0⅛	+1½	15.19
Finance for Ind. 13 91 £	15	86⅞	87⅞	−0⅛	+1⅜	15.46
Fin. for Ind. 12½ 89 £	30	85⅞	86⅞	+0⅛	+1½	15.30
Fin. for Ind. 14½ 88 £	20	95⅜	96⅛	−0⅛	−0⅛	15.45
Gen. Elec. Co. 12½ 89 £	50	88⅛	89⅛	−0⅛	+2⅜	14.84
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.76
Mitsubishi 7½ 84 KD	10	†95⅜	95⅞	0	0	8.73
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.52
Occidental 8½ 91 KD	7	†90¼	90¾	0	0	9.67
Akzo 9⅜ 87 LuxFr	500	87½	88½	0	−1⅞	11.69
Euratom 8 87 LuxFr	500	80⅛	81⅛	−0⅛	−1¼	12.18
Euratom 9¾ 88 LuxFr	500	90	91	0	−2½	11.65
EIB 9¾ 88 LuxFr	600	92⅛	93⅛	0	−0½	11.15
Volvo 9⅜ 87 LuxFr	500	89½	90½	0	−3½	11.77

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87...	0¼	96⅝	97⅛	2/7	15⅞	15.61
Banco di Roma Int. 6 87	0¼	98⅝	99⅛	26/4	15¾	15.93
Bank of Ireland 5⅜ 89...	‡0¼	96½	97	21/5	16⅝	16.67
Bank of Tokyo 5¼ 89	‡0⅛	96⅞	97⅜	25/4	14.56	14.99
Barclays O/S Inv. 5 90	0⅛	95¾	96¼	13/6	14¼	14.84
Bergen Bk. A/S 6 89	‡0⅛	96½	97	29/5	17⅛	17.83
Bque. Indo Suez 5⅝ 89	0⅛	96¾	97¼	11/7	14.69	15.14
Citicorp O/S F. 8 94	‡0¼	99	99½	8/6	18.81	18.95
Citicorp O/S F. 83	§‡0	99	99½	23/5	16.06	16.18
Citicorp O/S F. 84	‡0	99⅜	99⅞	30/5	16.94	17.00
Co-operative Bk. 6 86...	0¼	97⅛	97⅝	15/5	15.06	15.47
Creditanstalt 5½ 91	§‡0¼	98⅛	98⅝	14/6	18.44	18.74
CNT 5¾ 86	§0¼	99⅛	99⅝	16/4	15.19	15.28
GZB 5½ 89	‡0¼	97⅛	97⅝	1/5	14⅝	15.02
Jugobanka 8 89	0⅞	91½	92½	23/5	16	17.39
Ind. Bank Japan 5¼ 87	0¼	97⅜	97⅞	15/4	14⅛	14.60
LTCB Japan 5¼ 86	0¼	96¼	96¾	13/6	14¾	14.77
LTCB Japan 5½ 89	0¼	96	96½	7/6	14.19	14.74
Mfrs. Han. O/S 5¼ 94...	‡0⅛	98⅜	98⅞	30/5	17⅛	17.38
Midland Intl. Fin. 5 89	0¼	97⅞	98⅜	20/6	15	15.29
Nacional Fin. 6¼ 86	0¼	96¾	96¾	25/7	14.69	15.22
Nat. West. 5¾ 94	§0¼	97¼	97¾	11/4	14.94	15.32
Nippon Credit 6½ 86	0¼	95⅜	96⅛	12/7	14.44	15.04
Nippon Credit 5¼ 87	‡0¼	96⅝	97⅛	6/5	14.69	15.16
Royal Bk. Scot. 5¼ 94...	§‡0⅛	98⅜	98⅞	11/4	14⅝	14.83
Soc. C. de Bque. 6½ 87	0¼	96¾	97¼	3/4	13⅛	13.66
Sogenal 5¾ 89	§0⅛	96⅜	96⅞	13/7	14.44	14.94
Standard Chart. 5⅜ 90...	0⅛	97⅝	98⅛	6/9	17¼	17.62
Sweden 8¼ 91	‡0⅛	96⅞	97⅜	18/4	14.44	14.88
TVO Pwr. 9 91 (D-lock)	0⅛	96⅛	96⅝	24/5	15.31	15.89
Williams & Glyn 5¾ 91	0¼	97½	98	14/6	18½	18.93
Bq. E. d'Alg. 4½ 89 SF	0⅛	91	92	18/6	6.69	7.31

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	146	111	112	+0⅛	−7.40
Ajinomoto 7¾ 95	2/80	618	82⅞	83⅞	+1	1.99
Alco Int. Fin. 9½ 94	1/80	40	†87	88	0	23.89
Asahi Optical 7 94	11/79	605	74⅛	75⅛	+1⅛	−3.36
Canon 6¾ 94	8/79	670	92½	93½	+1⅛	3.95
Ciba-Geigy O/S F. 4 94	9/79	675	†66¾	67¾	−0½	3.97
Credit Suisse 4¾ 93	10/79	1325	87½	88½	0	−5.18
Daiei Inc. 6½ 94	11/79	1020	88⅞	89⅞	+0⅛	29.82
Enserch Fin. 9½ 94	7/80	30.25	†97	98	+0½	13.99
LPC Internatnl. 8 89	9/79	23.33	†93¼	94⅛	−0½	15.12
Meidensha Elec. 7 94	12/79	210	84½	85½	+0½	13.54
Mitsubishi Cp. 6½ 94	10/79	604	111½	112½	−0⅛	5.33
Nippon Seiko 7¾ 94	12/79	339	91	92	−0½	−2.17
Nitto Elec. Ind. 6 94	7/79	735	63½	64½	−0½	−0.63
Toshiba Cpn. 7¾ 94	10/79	198	84⅞	85⅞	0	−0.54
Union Bk. Switz. 5 89	2/80	125	85½	87	−2½	−13.75
Fujitsu 5 84 DM	7/79	475	89⅜	89⅞	+3⅛	12.47
Kansai Elec. 4 84 DM	4/79	1234	†79½	80½	0	42.49
Tokyu Ld. Cp. 4 86 DM	4/79	493	†72	73	+0¼	32.78
Uny Co. 6½ 85 DM	11/79	1071	86⅞	87⅞	−0½	33.00

* No information available—previous day's price.

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Prime rate rise hits D-Mark bonds

BY FRANCIS GHILES

FOREIGN Deutsche Mark bonds came under fairly heavy selling pressure yesterday as a number of U.S. banks raised their prime lending rate to a record 19 per cent. Price falls of up to two points were recorded in the D-Mark sector and German dealers said they saw no end to the slide. Swiss franc foreign bonds were less hard hit, shedding about ¼-½ of a point on the day.

In the dollar sector, prices edged up by ⅛ of a point on the day but such steadiness does not mean investors are entirely absent. Some bond houses reported buying of straight dollar bonds coming from banks on the Continent. These banks would seem to be acting for their retail clientele, some of whom are prepared to buy dollar paper on currency rather than interest rate considerations.

This would explain why the price of straight dollar bonds has not moved much since the Carter package. Investors can obtain a greater return on investments by putting money in the money markets: the six-month Libor stood at 19⅞ per cent yesterday, whereas the average yield on shorter dated bonds remains around the 14½ per cent mark. However, those who feel that the dollar will get stronger, are apparently now prepared to buy selected dollar denominated issues.

Such purchases are encouraged by the avowed intention of central banks in hard currency countries to defend their exchange rates. This could result in a further deterioration in foreign D-mark bond prices, especially where West Germany is concerned.

The $200m seven-year floater for ENEL was signed yesterday, with indicated conditions (an interest rate pegged at ½ per cent above the six-month Libor with a minimum of 5¼ per cent) unchanged by the lead manager. Otherwise not a single new dollar issue—straight bond or floating rate note—is on offer.

In the D-mark sector, older dated issues lost up to two points yesterday while more recent issues posted falls of up to one point. For instance, the 7½ per cent EIB bond to 1989 dropped two points to close at 84 while the 8¼ per cent Nederlandse Gasunie bond to 1987 shed a full point to close at 93½. German dealers said that selling pressure was coming from a number of foreign investors.

The Bundesbank had to buy bonds worth DM 52.5m in the domestic market yesterday, the second day running it has intervened. The number of sellers is growing while buyers have completely deserted the market.

The Capital Markets Sub Committee, which decides every month on the new issue calendar of foreign D-mark bonds, is due to meet next Monday. So far this month only DM 380m of the scheduled DM 580m worth of new issues has been floated.

Hopes rise for medium-term credit margins

BY OUR EUROMARKETS STAFF

THERE IS a growing feeling among Euromarket bankers that U.S. banks may begin to reduce their profile in the medium-term credit market following the latest package of economic measures from Washington.

The Federal Reserve Board is aiming for restraint in bank lending at a time of strong demand for credit from domestic corporations which find themselves unable to raise funds on the bond market. Banks are thus likely to give a lower priority to international business, especially that on which the margins are so low as to be barely profitable.

As a result the market is taking a new look at the prospect for spreads. Bankers who only a week or so ago were despairing of a lenders' market developing now claim there is a chance of some increase in margins as U.S. participants become more selective.

How far this is wishful thinking remains to be seen, but banks looking for higher spreads are being buoyed by signs that two "cut-price" loans in the market seem to be going rather slowly. One is the $250m prime-based credit for Hungary, where the market is now talking about the need for a Libor element at higher spreads if syndication is to be successful. The other is the $250m loan for Petrobras, where there was a sharp disparity between the winning bid and the next lowest offer submitted by the banks.

In these circumstances, European banks which do not feel the same constraints as their transatlantic partners are likely to fight even harder to convince borrowers to accept higher terms. The question is whether they will succeed.

There are, in fact, a number of factors still running against the development of a lenders' market. For a start, international banks are feeling very liquid as they are now taking in large amounts of surplus OPEC funds. Meanwhile, borrowers are still holding back, their concern over spreads being overshadowed in some cases by the very high level of Eurodollar interest rates.

The Philippines Finance Minister, Mr. Cesar Virata, said in London recently that his country would stay clear of the market because of high rates. Brazil has cited the expense of borrowing abroad as a reason for its decision to draw $2bn from reserves this year.

Closer to home, the Italian authorities are scrutinising a proposed $450m financing for Istituto Mobiliare Italiano and other entities involved in the Transmed pipeline. Bankers say authorisation could be delayed because Libor is now higher than the rate on 15-year Lire.

Short term dollar interest rates seem set to remain firm following the Carter package. Sovereign borrowers, particularly, face potential political problems by borrowing at such high rates, though the effect can be mitigated by arranging credits with a long draw-down period.

Meanwhile, Japan is a wild card in the pack. Japanese banks may be allowed to return to the market in force in April. This would restore some of the element of competition in the market which is missing as a result of U.S. bank restraint.

What will actually happen to spreads is, therefore, still a matter of conjecture. All that can be said with certainty so soon after the Carter package is that the measures have prolonged the confusion and uncertainty that has beset the syndicated credit market since the year began.

Trade Development Bank gain

BY PETER MONTAGNON

TRADE DEVELOPMENT Bank Holdings, the major Luxembourg-based bank holding company, achieved a 31.7 per cent increase in after-tax earnings last year to $44.4m from $33.7m in 1978. On a per share basis, net earnings rose to $2.70 from $2.05.

These higher profits were in large measure due to successful trading in the gold market, the company said. Mr. Rodney Leach, executive director, added that so far results from gold business in 1980 are outperforming even last year.

In its annual statement, the company also said that it departed from its historic policy of hedging precious metals positions last year by investing in gold to the value of $25m when the price was around $335 per ounce.

This holding was showing a profit of some $12.5m at the year-end, but is included in the balance sheet at cost because it is intended as a long-term strategic investment.

Thus the profit has no impact on the profit and loss account, and the holding has been retained despite the subsequent fall in the bullion price, Mr. Leach said.

Total assets at the end of last year were $7.02bn compared with $5.27bn at end-1978. Deposits rose to $6.21bn from $4.61bn, while capital and loan funds employed were $585m against $490m. A higher dividend of 75 cents is proposed compared with 65 cents previously.

AMSTERDAM BOURSE

New regulations extend trading

BY CHARLES BATCHELOR IN AMSTERDAM

Exchange is to implement its long-delayed extension of *trading hours for* a large number of stocks on April 1. At the same time the bourse will increase commissions on small transactions.

The two moves, which are aimed at strengthening the position of the bourse as the central market place for securities' business, were originally intended to take effect in January 1979. Delays in agreeing the new commission structure meant the *original* deadline could not be met.

Three categories of shares and bonds will be created from next month, the exchange association said. The first consists of Royal Dutch, Unilever, Philips, Akzo and KLM which will be traded at an "open" pitch, where a jobber is not required, between 10 am and 4.30 pm.

The second category consists of 40 of the most active stocks which will be traded at "closed" pitches, where a jobber is required. These stocks include ABN, Ahold, Amev, Elseiver-NDU, Fokker, Pakhoed and the investment funds of the Robeco group. The third category comprises the remaining shares for which prices will continue to be fixed at a morning and an afternoon session.

The new regulations represent *an extension of the bourses* authority over trading which currently takes place outside the official hours of 11.30 am to 1.15 pm. It also means a doubling of the stocks which may be traded continuously throughout exchange hours. The old list of continuously traded stocks included some which were no longer of interest and excluded many new ones which are actively traded.

A large number of bonds issued by public and private institutions may now also be traded during the extended official hours. The volume of trading outside the existing official hours has increased in recent years threatening the bourses' position and supervision of events.

The Bourse Association has raised the commission on orders of up to Fl 5,000 ($2,427) to 1.25 per cent from 1 per cent. This is low by comparison with other European bourses, the association said. At Fl 62.5 it still falls short of the average cost of Fl 65 for small orders. On large orders commissions will be reduced and institutional investors will lose the large discounts which have applied up to now.

Amsterdam also hopes to become the first European Stock Exchange to trade directly shares of U.S. companies. At present the bourse trades certificates of these shares which leads to double charges and less finely tuned prices.

Discussions are being held with the U.S. Securities and Exchange Commission and Amsterdam hopes to go ahead shortly. The direct trading of U.S. stocks is expected to increase the attractiveness of trading U.S. options on the European Options Exchange.

At present the certificates are not acceptable if delivery of a share is required.

● Coupon on the 20-year bond being issued by Algemene Bank Nederland has been raised to 12 per cent, which is a quarter point more than was originally envisaged. The offering has been priced at 99.3 and will raise Fl 150m.

WEST GERMAN STEEL

Meeting the crisis head on at Kloeckner

BY ROGER BOYES IN BONN

KLOECKNER WERKE, West Germany's third largest steel concern after Thyssen and Hoesch, is not afraid of swimming against the tide. While other companies have been cut*ting back steel capacity over* the past five crisis years, Kloeckner has been resolutely expanding, despite heavy losses.

Now, as if to confirm its reputation as the eccentric and wayward cousin of the German *steel industry, it plans a major* capital reorganisation which, it says, should lead to a resumption of dividends next year. Kloeckner critics continue to shake their heads, but it is clear that the company has been fol*lowing a precise marketing* strategy since the mid-1970s.

The pattern started to emerge with the purchase for DM 270m of the Maximilianshuette steel works which ran at a loss. The purchase was made in the *middle of the steel trough and* the company was based in Bavaria, a long way from Kloeckner's headquarters in the Ruhr, which created considerable administrative difficulties. Yet with the aid of cheap scrap, *the sale* of part of the works and a scaling down of the workforce, the Maximilianshuette works has edged back into profit.

Kloeckner continued to expand, buying a majority stake in the Dortmund machine construction concern, Holsten und Kappert, and smaller shares in several other companies. Altogether — including Maxhuette—these investments have amounted to DM 500m. Kloeckner has also stepped up its co-operation with Cockerill, the Belgian steel maker and taken a 41 per cent stake in the *special* steel producer, Alz NV of Ghent, as well as a 10 per cent interest in a Belgian steel wire works currently under construction.

A decade ago Kloeckner was essentially a steel producer. Today its operations are split fairly evenly between steel production and the manufacture of steel products.

Dr. Herbert Gienow, chairman of the Kloeckner board, says that the net effect of the moves has been to convert Kloeckner from its 1970 status as an essentially crude steel producer *to a concern in which* the steel production and manufacturing divisions are equally balanced.

Thus the turnover of the manufacturing division has climbed during the 1970s from DM 800m to DM 2.2bn and, *according to the company, some* DM 30m raised through the latest capital restructuring is being set aside for a further acquisition in the machine construction sector. Total group turnover last year was DM 4.8bn compared to *DM 3.9bn in 1978.*

Meanwhile, Kloeckner has gone along with the generally accepted German steel philosophy as far as labour cutbacks in the steel division are concerned. This has been coupled with a spectacular rise in productivity. During the 1970s the workforce was reduced by a third and yet some 40 per cent more steel was produced per worker.

But the company has been unable to drag itself out of the red despite these enviable (certainly by British Steel standards) productivity advances. Group net losses last year narrowed to DM 25.6m from DM 75.9m, and the accumulated balance sheet *losses totalled DM 210m.*

Hence the programme of financial restructuring which is basically aimed at achieving four main objects—the reduction of the accumulated loss ("so that the mortgage of the *past will not clutter the horizon* of the future"), the strengthening of reserves, the creation of new capital and a resumption of dividend payments in the near future.

To eliminate the outstanding *balance loss of DM 210m*, the company is to halve existing capital to DM 235m by cutting the nominal value of shares to DM 50 from DM 100. The remaining DM 25m is to be paid into reserves. At the same time, new capital is to be injected to restore equity to DM 470m.

After the capital reconstruc*tion the major shareholders* will be the Dutch Internationale Industrielle Belegging Maatschappij, the trading associate Kloeckner and Company (wholly owned by the Kloeckner family) and a consortium of 12 banks. The banks will eventually release their shares and issue them at 110 per cent of par.

All of this sounds suspiciously like the rescue pack*age concocted to shore up* AEG-Telefunken, the ailing electronics giant. But Dr. Gienow stresses that AEG is a different kettle of fish. In the first place, Kloeckner has already put its house in order *with swingeing labour cuts and* restructuring of internal business.

Secondly, the fresh capital is needed to consolidate Kloeckner's expansionary moves of the past years and to plan new acquisitions. The move is thus, according to Dr. Gienow, a sign of strength rather than weakness.

The promise of a dividend *for 1980 is a token of this* optimism, *although* Dr. Gienow expects no more than a balanced result this year with a taste of real profits forecast for 1981.

Waterford Glass lifts dividend

By Our Financial Staff

HIGHER PROFITS and an increased dividend were announced yesterday by Waterford Glass, the Irish specialist in the production of crystal and fine china.

Profits before tax are almost 11 per cent ahead at Ir£11.63m for 979 following a charge for interest that has more than doubled to Ir2.21m.

Total dividend for the year is going up to 1.51p a share from the equivalent of 1.2p in 1978. UK shareholders, who own almost 22 per cent of the company, can receive their payment in sterling equivalents.

Looking ahead, Waterford is optimistic about prospects for the current year. Trading has continued at a satisfactory level with demand still outstripping capacity and supply.

Sales last year rose by 16 per cent and profits before tax as a percentage of turnover eased by half a point to 8.6 per cent. Helped by a reduced tax charge, earnings per share emerge at 4.16p fully diluted, against 3.63p.

● Irish textiles group, Sunbeam Wolsey, reports broadly maintained profits for 1979 following a sharp rise in employment maintenance subsidy. Profit before tax was Ir£1.48m, against Ir£1.44m.

Earnings per share for the year, excluding the employment subsidy, fell to 8.5p from 10.82p. Dividend in contrast has been raised—to 4p a share from 3.85p—following the proposal to pay a final dividend of 3p.

Montedison sales rise

Turnover of Montedison SpA, Italy's leading chemical company, rose by 44 per cent in the first two months of 1980, writes AP-DJ from Milan. Non-consolidated turnover totalled L1,546bn. Parent turnover rose by 49 per cent to L826bn, while turnover of subsidiaries was up 39 per cent to L720bn.

Elf Aquitaine exploration plans

BY TERRY DODSWORTH IN PARIS

ELF AQUITAINE, France's *second largest oil* company, is planning to spend about FFr 4.5bn ($1bn) in the south-west of France over the next five years on a programme which combines oil and gas exploration with investment in new industrial activities.

These projects, part of a much larger, FFr 80bn five-year worldwide investment plan, underline the company's hopes of finding new, exploitable enery reserves in this part of *France.* Some *FFr 1.3bn* will be spent on drilling 45 trial wells in the Aquitaine region, while another FFr 1.7bn will go into exploiting reserves already found and those which the company hopes to discover.

In addition, Elf is investing in modernising its refinery at Ambes, and is to put FFr 500m into fine chemicals and pharmaceuticals, two of its chosen areas of diversification.

Elf says that it will also be continuing to help finance local industrial development through its investment in financial organisations and its own SOFREA lending subsidiary which was established to assist job-creating ventures in the region.

The SOFREA organisation, which has helped create 30 operations since 1978, will be given some FFr 400m during the five-year period.

Finnish paper group plans rights issue

BY LANCE KEYWORTH IN HELSINKI

KYMI KYMMENE, the Finnish *forest products, metal and* chemicals group, which improved its result in fiscal 1979, plans a rights issue in May to raise share capital from FMk 197.5m to FMk 296.4m ($42m). Kymi's dividend for *1979 is 10* per cent, compared with 9 per cent in 1978.

The parent company's net invoicing rose by 20 per cent to FMk 1.73bn. Net sales of the Kymi Kymmene group increased by 21 per cent to FMk 2.64bn. If three more companies in which Kymi has a 50 per cent holding are included, the group's net sales totalled over FMk 3bn.

The company's biggest division, paper and paperboard, improved sales by 12 per cent to *FMk 1.04bn. Sawn goods* production expanded by 44 per cent to 176,000 cubic metres. The metal division's invoicing increased by 36 per cent and the chemicals division doubled its sales.

* * *

● Iggersund, the Swedish forest product, commercial steel and chemicals group, raised its 1979 pre-tax earnings by 131 per cent to SKr 127m ($29.5m), from SKr 55m in 1978—fulfilling its forecast at the seven-month stage that the year's earnings would be *substantially* higher.

Earnings per share rose from SKr 11.18 to SKr 25.95. The Board recommends raising the dividend from SKr 8.50 to SKr 10, to take SKr 25m, and proposes a two-for-five scrip issue, to increase share capital by SKr 98m to SKr 343m.

Group sales climbed 23 per cent to SKr 2.02bn ($470m), topping the interim forecast of SKr 1.98bn. The proportion sold outside Sweden rose from 68 per cent to 69 per cent.

Extraordinary items showed a surplus of SKr 29m, against SKr 21m in 1978, and included SKr 24m in capital *gains from* property sales. Following appropriations and tax, consolidated net profit was SKr 25m, down from SKr 38m. Corresponding figures for the parent company were SKr 37m in 1979 and SKr 39m in 1978.

Further deficit at Spanish stores chain

BY ROBERT GRAHAM IN MADRID

GALERIAS PRECIADOS, one of the two leading Spanish department store chains, has recorded a loss of Pta 195.6m ($2.8m) for the year ended August, 1979. This is the second successive year in which the group has sustained losses.

The results, which represent a marginal improvement on the Pta 220m loss of 1977-78, are attributed to the continuing sharp recession combined with high overheads. Net sales were up 14.6 per cent at Pta 35bn but operating costs rose from Pta 8.6bn to Pta 12.2bn.

Among the costs sustained was a major promotion campaign to compete with the company's rival, *El Corte Ingles.* Overall cash flow increased by 4.5 per cent to Pta 605.8m and the group had to set aside Pta 801m to cover amortisation.

Last October there was a management reshuffle within Galerias, understood to have been prompted largely by Banco Urquijo, which is closely linked to the company.

Private bank injects fresh capital into IBH

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

IBH, the German construction equipment group, is to receive a cash injection of DM 15m ($8m) from Schröder, Münchmeyer, Hengst, a private bank which will also take a 7.4 per cent shareholding in IBH from April 1.

At the same time IBH is *taking an 83 per cent stake in a* subsidiary of the bank, WIBAU Maschinenfabrik Hartmann, a leading manufacturer in West Germany of asphalt plant and concrete pumps. The bank is also to become a shareholder in IBH's finance subsidiary.

The acquisition by IBH brings the forecast total sales of the group to DM 1.2bn in 1980. It is IBH's third takeover in little more than 12 months and follows the acquisitions of Hymac in the UK and Hanomag in West Germany.

The bank, meanwhile, is to become a shareholder in IBH *Finanz, a Swiss-registered* financing company. It will make available a total of DM 200m to IBH subsidiaries in West Germany, France and the UK as a result of financing customer receivables. It has been based on similar financing companies set up by U.S. groups such as General Motors.

A statement from Herr Horst-*Dieter Esch, founder and chief* executive of IBH, says that the group is now in a position "to consolidate its European activities in order to finally enter into the north American market." The rapid growth of IBH (it was set up in 1975) into the largest European-owned construction equipment group has come about by the takeover of companies which are ailing financially but have good products. Herr Esch has had to pay little for his acquisitions, and the most recent takeover is no exception.

Herr Esch remains the *main* shareholder in IBH, with a stake of 23.2 per cent, and 76.9 per cent of the voting rights. The next biggest shareholder is Britain's Powell Duffryn with 23.1 per cent. The total share capital of IBH now stands at DM 100m. The participation of Schröder, Münchmeyer, Hengst is on the basis of 750 new shares to be issued at a nominal value of DM 1,000 per share, for which a total share premium of DM 14.25m is being paid.

Toshiba announces U.S. semiconductor project

BY RICHARD C. HANSON IN TOKYO

TOSHIBA plans to begin production of semiconductors in the U.S. by the end of the year. It is the fourth of the big four Japanese semiconductor makers to disclose its American production schedules.

Toshiba, as long expected, has purchased the California subsidiary of the Japanese gas lighter maker, Mansei Kogyo. The subsidiary, Maruman Integrated Circuit, was established in 1975 to produce semiconductors for its parent. Mansei has since suffered a downturn in its business.

A new company, Toshiba Semiconductor (U.S.A.) will produce starting later this year about 1m units per month of 16 K-random access memories (RAMs), or double the capacity of the present plant, located in the so-called silicon valley of Sunnydale, California.

The company will be capitalised at $2.7m, and Toshiba plans to spend about $20m this year to increase production capacity. The purchase price from Mainsei, was not disclosed.

Nippon Electric Company (NEC) bought a semiconductor company in California in 1978. Fujitsu will begin California operations at the end of this year and Hitachi went into operaton at a Texas plant in December.

Toshiba has three other overseas semiconductor plants in South Korea, Malaysia and Mexico. The company intends to move, eventually, into Europe, with semiconductors.

Bahrain offshore banking ahead

BY MARY FRINGS IN BAHRAIN

EASING OF political tension in the Gulf has been reflected in a resurgence of confidence in the Bahrain offshore banking market. January figures released by the Bahrain Monetary Agency (BMA) show a 5 per cent increase on December. Assets and liabilities at end-January were equivalent to $29.2bn.

Uncertainty over events in Iran earlier led to a setback in an upward trend, when the amount at October peak, of $28.2bn, fell to $27.6bn in November, and recovered slightly, to $27.8bn by the end of the year.

A 15 per cent rise in liabilities to the Arab world, from $16.1bn to $18.5bn, is attributed to a greater volume of surplus petro-dollars being channelled through the OBUs in Bahrain. Liabilities to Arab countries represented 64 per cent of the total, while assets amounted to 53 per cent.

Western European countries provided $7.3bn in deposits, or 25 per cent of the total, and received $7.1bn in loans, or 24 per cent. Other offshore centres (such as Bahamas, Hong Kong, Singapore and Lebanon) accounted for 6 per cent of the liabilities ($1.8bn) and 8 per cent of the assets ($2.3bn).

There was little change in the distribution of business among the main trading currencies. The dollar comprised 62 per cent of the liabilities and 66 per cent of the assets, against 63 per cent and 65 per cent, respectively in December. Regional currencies accounted for .30 per cent of the liabilities (29 per cent) and lost 27 per cent of assets (just under 27 per cent).

There was an 18 per cent rise in liabilities to non-banks, from $7bn to $8.3bn, although the increase in assets was marginal.

The forward exchange market grew from $4.4bn to $4.5bn. The dollar had a 39 per cent share of forward purchases, regional currencies 35 per cent and other 26 per cent. The corresponding distribution of forward sales was $60 per cent, regional currencies 17 per cent and others 23 per cent.

Hong Kong air company to raise $16m

By Philip Bowring in Hong Kong

HONGKONG AIRCRAFT Engineering Company, a Swire Pacific subsidiary engaged in aircraft maintenance, is to raise HK$ 80m (US$ 1[illegible]m), primarily to reduce overdrafts.

The rights issue involved is part of a complex package, also including a scrip issue and share split. The split and scrip exercise will give shareholders seven shares for every one now held.

The rights issue will be on a one-for-four basis after the scrip and split, at HK$ 6.50 a share. That compares with an adjusted current price of HK$ 10.

Supreme's earnings rise

BY WONG SULONG IN KUALA LUMPUR

SUPREME CORPORATION, the Malaysian plantation and property group, has reported a sharp rise in earnings for the six months to December, with pre-tax profits rising to 4.2m ringgit (US$1.9m), from 0.87m ringgit.

It is capitalising 6.7m ringgit from its share premium account to make a one-for-four scrip issue.

The group also announced that it was buying 35 per cent of a palm oil refining company, Bestex Oil Refinery, for a cash consideration of 2.45m ringgit.

Bestex has a fractionation refining plant with a capacity of 180 tons a day near Port Klang, and is commissioning another plant with a capacity of 100-120 tons by the end of the month. It expects to make a profit of 2.5m ringgit this year.

Supreme's interim results included earnings from its associate, QBE Supreme Insurance Berhad, and its newly acquired subsidiary, Palm Acid Products Sdn.

The profits came largely from a higher volume of property development, as its plantations are just beginning to come under production.

Supreme said it should be able to pay a 7.5 per cent dividend for the current year, ending June.

Comalco sells off aluminium can side

By Our Sydney Correspondent

COMALCO, the integrated aluminium group, is pulling out of the aluminium can market in Australia and selling its operations to its two rivals, Containers and Gadsden-Pacific.

Comalco pioneered the introduction of two-piece aluminium beverage cans in Australia in 1969, but the company has decided to sell because its present strategy is to expand primary metal production capacity to the maximum.

It is in that area that Comalco plans to concentrate its investment funds.

Mr. M. R. Raymer, managing director of Comalco, said yesterday that the company had seen the market potential for two-piece cans when the packaging industry accounted for less than 10 per cent of all aluminium used in Australia. In the 10 years that followed, packaging had become the second most important market for aluminium, after building and construction, accounting for more than 20 per cent of total aluminium consumption.

Cans now represented the biggest segment of the aluminium packaging market. To maintain Comalco's position in this growing market would require substantial additional investment in the next few years for further development of can-making potential.

Comalco has two canmaking plants, one in Sydney and one in Melbourne. The Sydney facility is being sold to Containers although Comalco will retain ownership of the land and buildings.

Comalco will operate the facility under contract to Containers until end-June, 1981. In that time, Containers has the right to transfer equipment and to offer staff a transfer of employment to one of its own locations.

Gadsden-Pacific has purchased the Melbourne facility, including land and buildings. All existing Comalco employees there have been offered continuity of employment.

Comalco will continue to be a significant supplier of aluminium can sheet to Containers and Gadsen-Pacific and will continue to extend its involvement in aluminium can recycling activities.

Boral bid meets setback

BY OUR SYDNEY CORRESPONDENT

THE QUEENSLAND State Government has indicated that it is unlikely to alter legislation restrictions of the size of shareholdings allowed in certain "proclaimed" companies.

That appears to diminish the prospects of the industrial group Boral's succeeding with the proposed A$9.6m (US$10.5m) takeover bid for Brisbane Gas Distribution company Allgas Energy, which is a proclaimed company.

In fact, the State Government introduced the legislation several years ago after Boral acquired Allgas's competitor Brisbane Gas Co. and built up a stake of more than 10 per cent in Allgas.

The legislation restricts the size of shareholdings in proclaimed companies to 12.5 per cent. Boral subsequently sold its stake in Allgas to Queensland group AAR, which operates the natural gas pipeline from Roma to Brisbane and supplies Allgas.

Boral claimed that it wanted to bid for Allgas, through its Brisbane Gas subsidiary, because it was concerned about a circular letter sent to some Allgas shareholders seeking to buy their shares.

Advance at Dresdner SE Asia

By Georgie Lee in Singapore

DRESDNER (South East Asia), the Singapore-based, wholly-owned merchant banking subsidiary of the Dresdner Bank group of West Germany, has reported a two-and-half times increase in profit.

Post-tax profit increased from S$5.8m in 1978 to S$14.8m for the year ended last December.

With the record profit, Dresdner South East Asia has announced a maiden dividend payment of 10 per cent net of tax.

Dresdner South East Asia, one of the most successful Singapore-based merchant banks, has also raised its issued capital from the existing S$15m to S$50m (U.S.$23m) through the issue of 35m new S$1 par shares at S$2 a share. All new issues have been taken up by the parent, Dresdner Bank AG.

With an issued capital of S$50m and capital funds of more than S$120m, Dresdner South East Asia is the largest Singapore-based merchant bank.

Total assets of the merchant bank rose from S$1.39bn to S$2.26bn at the end of 1979.

Dresdner South East Asia's chairman, Mr. Hans-Joachim Schreiber, a board member of Dresdner Bank AG, said that the merchant bank's efforts to further build up its position as arranger, manager and provider of straight and syndicated loans have met considerable success.

The total amount of loans outstanding rose by about 73 per cent to S$1.3bn.

Mai Hon offer

THE HK$6 a share offer for the Mai Hon Enterprises property group closed with The Carrian Group, through its subsidiary Fildmena having 75 per cent of the Mai Hon equity. Carrian intends that the company should retain its stock exchange quotation.

Last December Carrian acquired 81.2m shares, representing 52.7 per cent of the capital of Mai Hon from Stelux Manufacturing for HK$6 a share and subsequently made a similar offer to minority shareholders. It has received acceptances for 16m shares or 29 per cent which, together with shares bought in the market, brings its total to about 75 per cent.

AUSTRALIAN NEWS

Pioneer Sugar bids for AIPCL

BY JAMES FORTH IN SYDNEY

PIONEER SUGAR MILLS has launched a market raid on the newly-listed Australian Interstate Pipe Line Company (AIPCL), in a move to diversify the group's activities.

Pioneer's principal activities are the manufacture of raw sugar, breeding and marketing of cattle and the manufacture and marketing of paints and protective coatings.

For several months the directors have been working on a corporate strategy to use the group's cash flow to diversify, and to reduce the dependence on the cyclical sugar industry. Pioneer chose energy resources as one area, but is mainly interested in services industries such as engineering and transport.

AIPCL is looked upon as a transporter of energy resources. The company was floated early this year to construct and operate with the Caltex oil group a liquid petroleum pipeline between Sydney and the industrial city of Newcastle, New South Wales.

Pioneer plans to stand in the market for a month, offering A$1.50 a share for AIPCL, valuing the company at A$17m (US$18.6m).

Pioneer bought a 15 per cent stake from the Bank of NSW Nominees before moving to the market and yesterday purchased a further 15 per cent to give it 30.6 per cent of AIPCL.

Its approach accords with proposed takeover legislation allowing "on market" offers. The stock exchanges have already introduced new listing requirements anticipating the legislation, but to date only two states, Queensland and Western Australia, have passed legislation encompassing on-market bids.

AIPCL is registered in NSW, which means that Pioneer is not making a takeover offer covered by legislation. Instead it is buying in the ordinary course of business, although it is prepared to take up to 100 per cent of the capital, and sellers know they have a guaranteed price for a specified time period.

Pioneer was attracted to AIPCL when the company went public, predicting earnings and dividends a share of 13 cents in 1981. Public investors proved reluctant to subscribe to the issue, which was filled only when a Sydney sharebroker applied for the remaining 10 per cent of the capital and sold the shares on to its clients at a nominal margin.

AIPCL shares were issued at A$1 and had firmed since listing to reach A$1.30 in Sydney on Friday ahead of Pioneer's move. Pioneer is using Hattersley and Maxwell in its market operation.

The Pioneer board considers the prospectus forecasts are conservative and that the industrial developments already planned for the Newcastle region will make it one of the strongest growth areas in Australia over the next few years.

It is interested in expanding AIPCL to pipe other materials in the region, such as coal slurry and solid fuels, and to extend its pipeline activities to other parts of the country.

* * *

DUNLOP AUSTRALIA, the tyre, footwear and industrial products group, lifted pre-tax earnings almost 12 per cent in the December half-year, but achieved only a marginal gain in net profit. The result for the six months was A$10.56m (US$ 11.6m), compared with A$10.39m in the same period in 1978. Sales rose 14 per cent, from A$313m to A$357m (US$ 390m). The interim dividend is steady at 3.5 cents a share.

The directors attributed the slightness of the gain in net earnings to a jump in the tax provision

BRITISH AMERICAN AND GENERAL TRUST LIMITED

Managers: KLEINWORT, BENSON LIMITED

Extracts from the Statement by the Chairman, Mr. W. H. Conroy and summary of the results for the year ended 31st December, 1979.

Dividend: Your Board is proposing that a final dividend of 1.30p per unit be paid making a total for the year of 2.125p (excluding the special dividend of 0.217p) compared with a total of 1.85p in respect of 1978, an increase of 14.9%.

Assets: Against a background where no major stock market displayed strength over the year, the net asset value fell by 3.5% from 54.1p to 52.2p at 31st December, 1979. Over the same period the FT Actuaries All-Share Index rose by 4.3% and the adjusted Standard & Poor's Composite Index fell by 27.6%.

Portfolio: With over 75% of the Trust still invested in the United Kingdom the Board's policy is to reduce this imbalance, and we shall continue with our steady buying policy in the United States. Elsewhere overseas we are adding to our Japanese holdings and increasing modestly our European and Australian holdings.

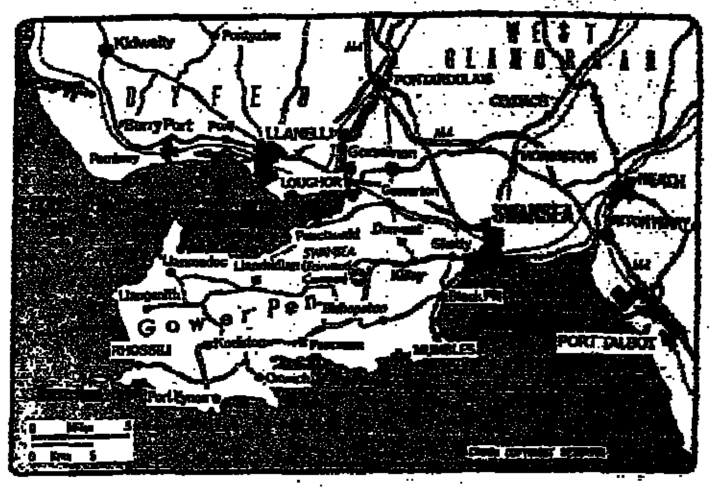
	1979	1978
Revenue available for Ordinary Stock (Net)	£1,257,294	£970,483
Earned for Ordinary Stock (Net)	2.51p	1.95p
Total Assets	£27,165,679	£28,107,787
Attributable to Ordinary Stock	£26,134,012	£26,986,402
Net Asset Value per Unit of 25p	52.2p	54.1p

Annual General Meeting—20 Fenchurch Street, London, EC3, Friday, 11th April, 1980, at 11.30 a.m.

FINANCIAL TIMES SURVEY

Wednesday March 19 1980

Swansea Bay



New industries have been attracted to the area and this diversification has helped absorb the jobs lost in traditional ones. Better roads have improved communications with other parts of the country. Tourism is being looked to increasingly as a source of revenue.

Poised on the brink of change

By Robin Reeves
Welsh Correspondent

THE SWANSEA BAY region is poised on the brink of far-reaching economic change. Industrial diversification is nothing new, but ever since the earliest days of the industrial revolution the metals industry has been a major source of prosperity for this part of the world.

The moonscape dereliction of the lower Swansea and Neath valleys (now happily well on the way to being restored) long bore vivid witness to the 19th century pioneers of iron, copper, tin, lead and zinc smelting and processing.

This century metal production and processing—be it steel, tinplate, aluminium, nickel and even titanium—has continued to be an economic mainstay for the string of urban communities which stretch almost continuously in a coastal arc from Port Talbot in the east to Llanelli in the west.

Local expertise passed on through generations has attracted many of the big names in the metals business. Alcoa, British Aluminium, British Steel, IMI, International Nickel and Metal Box all figure among the major companies which have a presence in what one academic geographer recently dubbed "Swansea Bay City."

Most residents would deplore this description. Community loyalties still run deep, to the extent that *Morriston and* Swansea are very different places to the people who live there, though their centres are less than two miles apart.

But he has a point. Substantially improved communications and greater mobility are undoubtedly knitting much closer together a population *which adds up to some 450,000* people. And the start up, five years ago, of Swansea Sound commercial radio station has considerably strengthened the concept in marketing terms.

Over the years, a growing range of petrochemical, engineering, textiles and other light manufacturing and service industries has been attracted to the area. BP first developed its Llandarcy refinery before the war. And, more recently, it established one of its major petrochemical complexes at Baglan Bay between Port Talbot and Swansea.

The motor components industry has become particularly prominent. BP has two plants at Llanelli, Ford's axle and heavy vehicle transmission plant is at Swansea. Cam Gears are at Resolven, near Neath, and Borg Warner has a major plant at Kenfig Hill, near Port Talbot. Swansea is also, of course, the location of the National Driver and Vehicle Licensing Centre and a flourishing university which has a technological bias and maintains close links with local industry.

This economic diversification has greatly helped to make up for the loss of an estimated 50,000 jobs shed by the area's metal industries since the 1939-45 war as a result of structural change. But nothing in the past compares with the pace of change now being thrust upon the economy of the Swansea Bay region by the crisis in the steel industry.

Shortly before Christmas, the British Steel Corporation announced that, as part of its retrenchment package, it was necessary to halve steel output *in South Wales to 3.75m* tonnes, creating between 11,000 and 15,000 redundancies at its Port Talbot and Llanwern plants.

No town was more stunned than Port Talbot. While rumours had circulated for years that Llanwern might be at risk, Port Talbot was always considered safe. Indeed, in the early 1970s it was earmarked under the ill-fated 10-year strategy for BSC's biggest single investment: an £835m project to double liquid steel output at the plant, to 6m tonnes a year.

Slimline option

In the event, a £90m continuous-casting plant was the only part of the invest*ment to survive.* But with its deep-water harbour, developed in the 1960s and capable of off-loading the world's cheapest iron ores straight into the works, Port Talbot still felt more secure than most other BSC plants.

Since the initial announcement, BSC has come down in favour of the "slimline option"—reducing throughput at both major South Wales works, which for Port Talbot means cutting the present workforce of 11,500 by nearly 7,000. The option's only redeeming feature from the point of view of employment is that it keeps all sections of the plant operational and in a position to expand again should there be an upturn in the market.

The steel works at Port Talbot: forced to cut workforce

But the corporation's management has made clear that there will also be redundancies in associated BSC plants, notably two tinplate works in the Swansea Bay area, Trostre and Velindre.

The long steel strike may, indeed, make the number of tinplate redundancies even *bigger. BSC's largest customer,* the Metal Box Company, has warned that in future it may buy less of its tinplate from BSC and more from abroad.

For the moment, however, the county authorities of West Glamorgan, which includes the hinterland as well as most of the coastal belt of Swansea Bay, *calculates that as a consequence* of the steel rundown, about 1,500 coal miners' jobs will also disappear locally because of the reduced demand for coking coal. *And a further 2,600 jobs in rail,* construction, engineering and other associated industries will be lost too.

This will be on top of the *employment shakeouts already* taking place in other sectors as a result of the recessionary climate and technological *innovation. In the past month* alone, the private sector steelmaker, Duport Steel of Llanelli, has announced 300 redundancies among its 1,500 workforce in a move to cut costs, and future employment at the Louis Marx toy manufacturing factory in Swansea is in doubt following the collapse of the Dunbee-Combex-Marx group.

Inland, nearly 300 jobs are disappearing at Smiths Industries, Ystradgynlais, in the upper Swansea Valley. Late last year, Metal Box announced a cutback of 500 jobs at its Neath plant as part of restructuring and Alcoa a reduction of 120 jobs to rationalise manning on its strip mills operations which include a new £40m mill.

The only recent good news has been a decision by Borg-Warner to rescind 400 redundancies at its Kenfig Hill plant in favour of closing its Letchworth, Herts., factory and concentrating its UK activities in South Wales.

Overall, it is difficult to quarrel with West Glamorgan's assessment that unemployment in the county area, which is now running at 7.5 per cent, is set to double to nearer 15 per cent as effects of the steel and other cutbacks work their way through the local economy.

This is a bleak outlook by any standard, yet, surprisingly, it is not—so far at least—creating an air of despondency. There is rather a cautious optimism that provided the present very difficult employment problem is tackled with energy, vigour and *imagination,* and above all adequate financial resources, the economy of the area can emerge in a healthier and ultimately more stable condition.

A number of factors account for this attitude. The first is a general recognition that it is no good crying over spilled milk: the sooner everybody gets down to tackling the crisis the better.

Another influence may be the fact that the Swansea Bay area *never suffered acute deprivation* and mass unemployment levels in the 1930s which leads other parts of Wales facing comparable local employment difficulties to fear the worst. Even the coal industry of the hinterland, producing mainly anthracite, worked on through the depression to meet the rising demand for smokeless fuel when many steam coal collieries in the valleys to the east stayed idle for years.

Transformed

Furthermore, economic and industrial change so far has generally served the area well. As a recent report on the current Welsh job crisis points out, virtually everyone in employment in South Wales today is either in a job that did not exist before 1945 or did not exist at its present place. But there have been winners and losers.

The Swansea Bay area has generally benefited from the three predominant trends in the concentration of the steel industry at coastal sites, the attraction and growth of new manufacturing industry and the growth in the services sector.

But most important of all perhaps is the belief that the area *has the environment and im*proved infrastructure to rebuild its economy on more secure foundations. In recent years, the region's once-poor communica*tions have been transformed by* the near completion of the M4 motorway and the high-speed train link with London.

Another plus is Swansea's unrivalled port facilities offering links with most parts of the world. A measure of its success is that freight traffic levels were up last *year despite the loss of the port's* Cork ferry service to Pembroke Dock in West Wales. Air services are also available from Swansea Airport itself or *Cardiff, and with today's faster* communications Heathrow is not that far away.

But the widespread refusal to look on the gloomy side is *based on the assumption that the* Government, the EEC, and other agencies will rally round with effective measures to alleviate the crisis.

The Government *has* made one significant move already. A total of £48m over the next two years has been allocated to the Welsh Development Agency for a crash programme of new industrial estate and advance factory building in the Port Talbot and Llanwern areas, and this is an excellent first step.

There is no shortage of land for industrial development, but much of it needs heavy capital investment to fulfil its full potential.

But the local authorities also regard as essential the designation of the Swansea Bay area and the rest of west Glamorgan as a *Special Development Area* to ensure the infrastructure investment is taken up. It obviously will be more difficult to attract new industry beyond *Cardiff* and *Newport,* also benefiting from steel closure-related infrastructure improvements, without the additional incentive of SDA status.

Sir Keith Joseph, Industry Secretary, has promised a decision once the precise level of steel redundancies has been settled.

Local authority officials are understandably more cautious about the possible designation of the Briton Ferry Industrial Estate—a prime site being redeveloped between Port Talbot and Swansea—as one of the Government's new "enterprise zones."

Fiscal burdens

While not opposed to the idea in principle — industry would be freed within such *estates from a number of plan*ning and fiscal burdens—they prefer to reserve judgment until details of the scheme are spelled out, possibly in the *forthcoming budget.*

As for tourism, the region has a unique asset in the Gower Peninsula. Famous the world over for its numerous beaches, *spectacular scenery and charm*ing villages, it was the first district in Britain to be designated "an area of outstanding natural beauty."

Swansea *feels* it has all the ingredients for making tourism contribute far more to the local economy than hitherto, both summer and winter.

It is demonstrating its own faith by backing the redevelopment of Swansea South Dock as a yacht haven and a new countryside "theme park" at Penllergaer.

Swansea redevelopment in full swing

SWANSEA HAS long enjoyed a good reputation as a regional shopping centre. Not only does it have the benefit of well over 400,000 potential customers in the West Glamorgan and Llanelli areas, it has also traditionally drawn shoppers on regular day trips from the whole of South Wales.

In the past five years, however, the city's retail sector has gained added strength as redevelopment plans drawn up in the 1960s have come to fruition and improved communications and greater mobility have put Swansea's shopping amenities within easier reach of a wider population.

The same is true of distribution. Swansea, not Cardiff, has always been the natural distribution centre for South Wales, and the near-completion of the M4 and other infrastructural improvements have given a new dimension to its commercial role.

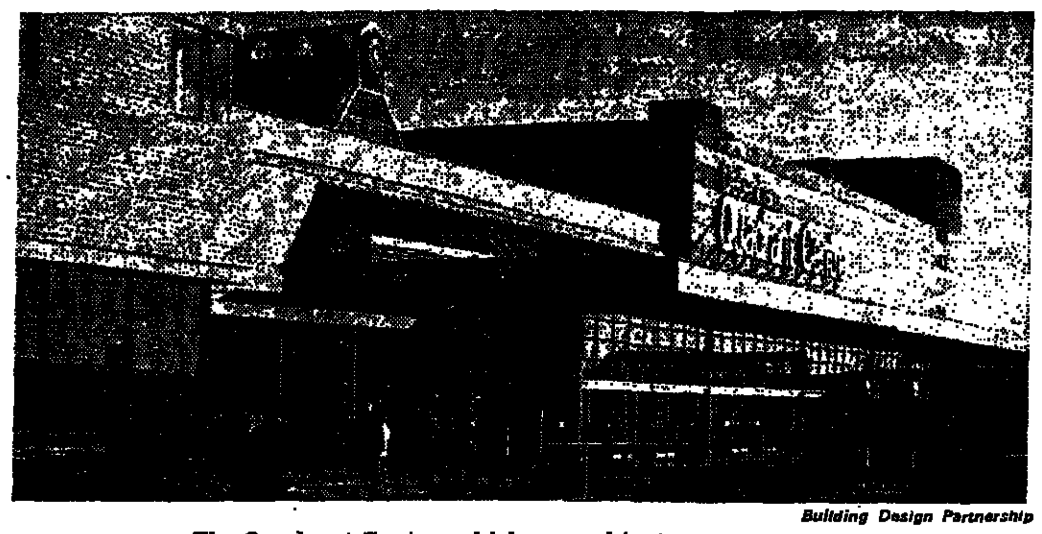
So far at least, the economic storm clouds gathering over the region as a result of the steel industry's difficulties have not had a noticeably dampening effect on the city's commercial sector. Indeed there is a cautious confidence that Swansea itself, because of its very diversified economic base, will not be unduly affected by the projected sharp rise in unemployment in the surrounding areas.

In the retail sector the centrepiece of the latest phase of redevelopment is the Quadrant Centre, 350,000 sq ft of covered shopping space close to Swansea's traditional market—itself famous for its cockles, laverbread and other local delicacies.

The development consultants, Donaldsons of London, were confident the scheme would be a winner from the outset because of the flow of pedestrians from the market to other streets. But they praise the city's courage in pushing ahead with the scheme during the 1973-74 property market cutbacks.

However, the project has gone even better than expected since it opened just over a year ago, thanks to the decision of Debenhams to spread its wings westwards and take over nearly half the Quadrant space as a department store. This move, combined with the creation of pedestrian shopping streets and the nearness of a number of other well-known High Street names, gave the Quadrant development a solid pole of attraction for filling remaining space.

Boots have taken a further 80,000 sq ft and W. H. Smith another 15,000 sq ft. The rest of the development is made up of 38 small units, some let to tenants in twos and threes, though the agents have been able to be choosy and pick a balance of tenants.



Building Design Partnership

The Quadrant Centre, which opened just over a year ago

Spurred by this success the City Council has just signed an agreement with the Trafalgar House group to redevelop the the final parcel of city centre land laid waste during the blitz. It is a 180,000 sq ft project which will include a department store, two large stores and 12 small units, plus a public house, disco and restaurant. It will be linked to the quadrant by a walkway, and all concerned are confident it will be equally successful.

Certainly, pressure for space in the prime shopping area is very strong indeed just now. Existing shops are being knocked down and rebuilt to modern standards and non-retail properties are being converted into shops. An example is a jewellers' premises of some 1,400 sq ft recently let for conversion into a hot bread kitchen at a rental of £20,000 a year.

Hand in hand with this buoyancy in shop property is a growing demand for distribution warehousing. Since the arrival of the M4 more than a few wholesalers have come to recognise the Swansea area as a convenient half-way stage for serving outlets to the east as far as Cardiff and to the north and west as far as Pembroke.

The City Council is happy to be involved in meeting this demand on its own industrial estates, leaving the provision of manufacturing premises to the Welsh Development Agency. Some 75 per cent of recent lettings on the Council's five estates in the Swansea Valley have been for distribution warehousing.

More heartening still is the interest being shown by private developers. William Moss has already begun work on developing a new estate with 65,000 sq ft of space, arranged in units of 3,500 to 10,500 sq ft, which will be available for occupation in the autumn. The council is also negotiating with two more developers over other sites.

The interest of developers is a reflection of the great improvement in this section of the market over the past 18 months. Rents for warehouse/light industrial units have moved up from around £1 to £1.25 a sq ft to as high as £1.80 a sq ft and with ready-built units in short supply, regular lettings at £2 a sq ft are not ruled out in the foreseeable future.

There is also a good demand for office accommodation—with not a great deal on the market. The Oldway group of Merthyr Tydfil is nearing completion of 150,000 sq ft of office space close to Swansea Station, much of which is already let. Otherwise the only large development is construction of premises for the Land Registry Office.

But although the demand is there—some companies and banks have taken to advertising for space of up to 10,000 sq ft —office rents at £3.50 to £3.75 a sq ft are still not high enough to prompt significant speculative developments.

COMPANY PROFILE: SILICONIX

Confidence in the micro-chip market

NO COMPANY highlights the changing economic base of the Swansea Bay area more vividly than Siliconix. The belief that Wales is a land devoted to coal, steel and agriculture and little else dies hard. Yet Siliconix has been in the semi-conductor business in Swansea for more than 10 years, long before the vast majority of people had even heard of the micro-chip, let alone began to realise it would herald a new technological revolution.

Siliconix is among a significant number which have chosen, unfashionably perhaps, to put down roots in Wales, and prospered.

The parent Siliconix company was founded in Santa Clara, California, in 1962. It began by concentrating on low-volume, high-priced products in the semi-conductor market. But from 1973 the company's strategy began to change from custom design work towards the development of a variety of new standard products, and the ability to deliver high-volume, low-priced components profitably.

It has established a strong reputation in two major categories of semi-conductor—discrete devices, mainly field effect transistors (FETs) for interconnection with other components, and integrated circuits which contain one or more complete circuits in a single silicon chip.

The prime applications for FETs for which Siliconix claims to be the world's largest supplier, producing more than 380 types, are in amplifiers, oscillators, switches and current and voltage sources. They are finding their way into an ever-increasing variety of industrial, military, aerospace, telecommunications and consumer products.

Last year, the U.S. parent reported record results with sales of \$54.3m, 26 per cent up on 1978, and net income of \$4.1m compared with \$3.3m a year earlier.

The initial suggestion that Siliconix should establish a subsidiary manufacturing operation evidently came from a Swansea professor who visited Santa Clara in the late 1960s. The idea was taken up, but before deciding on the location for a European subsidiary, Siliconix executives apparently looked at the now traditional locations in South East England and Scotland.

However, they found the Swansea authorities so helpful that the company plumped for the city and soon settled into accommodation near the university. It is a decision the company has never regretted.

The managing director in Swansea, Mr. Don Keefe, is a Welshman and nearly all the staff are recruited locally. To start with, the Swansea operation consisted simply of testing components for the European market, but within a year, it began assembling and sorting as well as testing, and within four years moved to far larger premises at Morriston.

Today Siliconix Swansea is the headquarters of the company's European manufacturing and sales operation and accounts for over 40 per cent of Siliconix business worldwide. The company is aiming at total sales of \$70m this year, of which Swansea's contribution will be about \$30m.

Calibration

But Swansea has also become very much a design extension of the Santa Clara plant. The design engineering group has produced specialist calibration and testing equipment and, three years ago, successfully developed an integrated circuit using low-voltage CMOS technology which allows push-button rather than rotary telephone dialing.

This component has been particularly successful in West Germany. With the move to all electronic exchanges, it will mean that the caller will be able to get his number as quickly as he presses the buttons, instead of dialing speed as at present.

Swansea was also responsible for designing an integrated circuit developed for smoke detectors. These are assembled at the plant and sent to Ireland where they are built into the smoke detection equipment before being shipped to the U.S. — the main market.

The workforce has expanded from 25 in the first year to 275 including 30 staff employed in sales offices in Newbury, Berkshire, and in Paris and Stuttgart. And now a 22,000 sq ft extension to the Swansea premises is being completed, which will more than double the area for manufacturing and support services and improve the already very exacting environmental control conditions substantially.

Part of the component assembly area at the Siliconix Swansea plant

The next phase of expansion which Mr. Keefe is anxious to secure for Swansea is silicon chip manufacture itself. Less than a year ago, the parent company was warming to the idea but he stresses that since the new Conservative Government downgraded the area for regional development grant purposes and cut back Labour's micro-electronic support programme (MISP), it is proving much harder to persuade Santa Clara to back the project.

Mr. Keefe is confident that if, as seems likely, regional development grants are boosted again to alleviate the steel rundown, and there is a reasonable offer from MISP, a £7m project to introduce wafer manufacture at Swansea would go ahead. Without it, the expansion is more likely, for simple financial reasons, to take place in the U.S. or Ireland.

The urgency for expansion arises from the company's strong commitment to a new, highly-advanced device — the VMOS (Vertical Metal Oxide Silicon) power field effect transistor. The company is sure that in time this will replace bipolar devices in a high proportion of the latter's present applications over the next few years—given volume production and an improved voltage handling capability to make VMOS price- and performance-competitive.

Siliconix foresees the world market for power devices reaching \$800m by 1982 and with its leadership in VMOS technology it is confident that the company's sales will be above the \$100m mark within the next two years or so. The Swansea Bay area would be glad to see many more companies with such rosy growth prospects.

OVERSEAS NEWS

Separatism and cultural warfare are plaguing the New Hebrides

Confrontation in the South Pacific

BY PHILIP BOWRING, RECENTLY IN THE NEW HEBRIDES

NEAR ANARCHY prevails in Santo, or is it the independent state of Vemarana? Santo is the largest and second most populous (20,000) island in the New Hebrides, the South Pacific archipelago now ruled by Britain and France, but fast approaching independence.

Santo has been declared independent in advance and named Vemarana by Mr. Jimmy Stevens, leader of a band of mostly illiterate tribespeople. He is backed by discontented French-speaking mixed-bloods, and egged on and financed by local planters, small businessmen, and Right-wing American visionaries. French officials give him sympathy.

Mr. Stevens' separatists have opened an "office" in Santo town, hoisted their own flag, and run the District Commissioner out of town.

The New Hebrides Government, which is taking over administrative functions from the British and French as independence nears, has its capital at Vila, an hour's flight from Santo. But it has, as yet, no law enforcement agency. The British and French each have a mobile police force, but on a major issue they will act only in concert. The French have opposed using their police to restore lawful government in Santo, and the British, unwilling to act unilaterally and upset their European partners, have kept their police in barracks. The dual police forces will only come under the Government's control in May, when the islands become independent as Vanuatu.

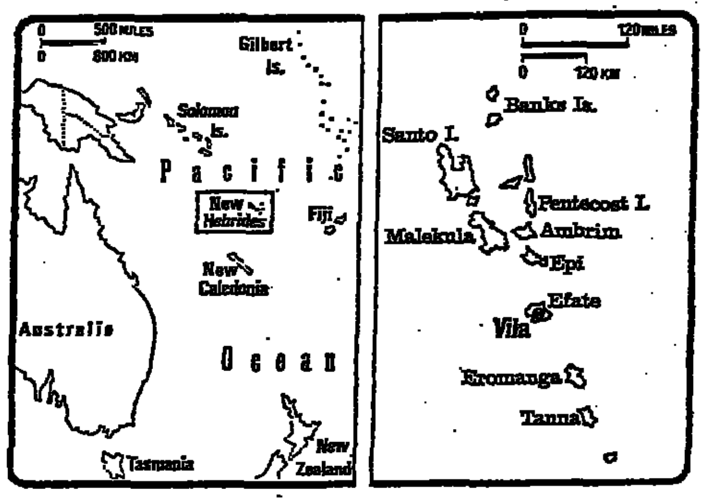
At the root of the problem is the open hostility of some French officials to the governing Vanuaaku party of Mr. Walter Lini, the Chief Minister. Vanuaaku received 68 per cent of the vote on a 90 per cent turnout in last November's elections.

The result shocked many French officials, and they have since helped Mr. Stevens build his movement, named Na-Gramiel, from something bizarrely populist into something possibly a little more troublesome.

Mr. Stevens' base is a bush settlement 30 kilometres from Santo town. It has a small airstrip, built recently with the help of some "borrowed" government heavy machinery. He also has a radio transmitter which broadcasts for an hour each morning, with community service messages, threats to the Vanuaaku Government and sermons from Jimmy to his followers.

Na-Gramiel is a decade old, but started espousing Santo's independence only relatively recently. The movement is difficult to comprehend, but has aspects of the cargo cults common throughout Melanesia, and in Santo traceable to the wartime presence of U.S. servicemen and their airlifted supplies (cargo), which apparently arrived from heaven.

Mr. Stevens' movement drifted naturally into opposition to the Vanuaaku, the centralising political party linked to the missions and the towns. He found allies among planters, small businessmen, French officials, and Americans ranging from property salesmen to the Phoenix Foundation, an extreme right-wing group which aims at setting up a totally "free" society. Phoenix has previously been involved in attempts to set up such a society on Minerva Reef, off Tonga, and on Abaco, off the Bahamas.



Anxious to help French planters, numerous on Santo, France last year persuaded all parties to agree to giving a measure of local autonomy to Santo and Tanna, which also has separatist tendencies and another cargo cult. Vanuaaku *won the elections to the local* assemblies, to the chagrin of their opponents. An electoral commission was set up to investigate opposition claims of irregularities, but two French-appointed members failed to attend the hearings. Then the French-appointed vice-chairmen resigned without giving a reason, making it impossible for the inquiry to continue. The Vanuaaku Government, anxious to see correct procedures followed, saw that as evidence of a blatant French attempt to undermine lawful government.

Many believe Mr. Lini could have been more accommodating to the vanquished after the elections, and offered jobs to some opponents. But he says French hostility to his Government and open support for the Opposition made that difficult.

France still recognises the Government's legality, and opposes separatism. Few really believe it is doing more than use the separatists temporarily for its own ends. Meanwhile, it is taunting the British by reminding them that two years ago they opposed the use of police against "provisional governments" set up by Vanuaaku, when it boycotted the Government on the grounds that it was undemocratic. The difference now is that Vanuaaku has been duly elected.

The hostility is based on three main issues: language, economics and nationalism.

Vanuaaku's leadership is mostly English-educated. The constitution *provides* equal rights for French, English and *Bislama, the local pidgin, but* the French have accused the government of bias against French, and have threatened to cut off aid if the French *language is jeopardised.*

Because the condominium powers are leaving the New Hebrides with only a fragmentary revenue collection system, the Government initially will need overseas help for 50 per cent of its running costs. Language is an issue in local politics, as is religion. Most English speakers are Anglicans or Presbyterians, most French speakers are Catholics. But most New Hebrideans use neither to talk to each other. They use Bislama.

English speakers predominate *among* the more educated, because until a few years ago education was mostly provided by Protestant missions. France has pumped large sums into education in the past few years to redress the balance, but it is a slow process. Meanwhile, French must fight against the fact that English is the *lingua franca* of most of the South Pacific, and that the New Hebrides' two growth industries—tourism and tax haven—are English-using industries.

Language is the big issue for the French. For the Government it is independence. Vanuaaku sees itself as a purely Melanesian nationalist movement which has had to struggle hard against both powers. But France is nervous about the impact of Melanesian nationalism on its neighbouring territory of New Caledonia, whose independence Vanuaaker is espousing, and where Melanesians constitute 40 per cent of a potentially explosive population mix—Europeans 35 per cent, immigrants from past and present French territories 25 per cent.

Melanesian nationalism is not especially militant or vociferous. But it has clashed directly with the economic interests of French nationals.

Vanuaaku was instrumental two years ago in taking over a few small private plantations, one or two of which were French-owned. There are large amounts of unused land, but there is still some resentment against early European land-grabbing, when the settlers appropriated communal land.

Language, economics and nationalism all conspire to create in some minds a vision of a plot to exterminate France's language and influence from the South Pacific. The bogy is not so much Britain, which clearly just wants to leave, but Australia, the home of all kinds of horrors, from tourists to *criticism of the French presence* in New Caledonia to opposition to nuclear testing and attacks on France in the South Pacific Forum (the grouping of in*dependent Pacific states*).

The New Hebrides Government's reaction to its troubles has been calm and relaxed. There is reasonable optimism that "Melanesian ways" of discussion, leading eventually to compromise, will prevail over the confrontationist politics of Europe.

CURRENCIES, MONEY and GOLD

$ & £ firm

The dollar remained firm overall, helped by the rise to 19 per cent in some U.S. banks prime lending rates, but there was uncertainty as to the appropriate level for various currencies in the present nervous conditions. *Foreign exchange* market estimates put intervention by the German Bundesbank at about $200m, and other central banks also gave support to their respective currencies. The dollar rose to DM 1.8765 from DM 1.8745 against the D-mark, and to FFr 4.3840 from FFr 4.3750 in terms of the French franc, but fell to SwFr 1.7760 from SwFr 1.7890 against the Swiss franc. The expected rise in the Bank of Japan discount rate underpinned the yen, and the dollar eased to Y248.70 from Y249.40. The dollar's trade-weighted index, as calculated by the Bank of England, fell to 89.2 from 89.4.

Sterling was very firm against major currencies in general, and also improved against the dollar. The pound's index, on Bank of England figures, rose to 72.4 from 72.2, and stood at 72.2 at noon and 72.1 in the morning. Sterling opened at $2.1860-2.2880, and touched a low of $2.1810-2.1820 in the morning, but recovered to $2.1850-2.1860 by noon, and rose to a peak of $2.2020-2.2030 in the afternoon. Towards the close the pound eased in line with other currencies, following the U.S. prime rate news, to close at $2.1935-2.1945, a rise of 90 points on the day. Against the D-mark, sterling rose to DM 4.12 from DM 4.0975.

D-MARK—Steady within European Monetary System, but weaker against dollar following expectations of continuing balance of payments deficit, and the effects of anti-inflation measures and higher interest rates in the U.S.—The D-mark lost ground against most major currencies, including its EMS partners, at the Frankfurt fixing. The German unit improved against the Belgian franc and Irish punt, the two weakest members of the EMS, but declined against the firmer French franc, Dutch guilder and Italian lira. *Sterling rose to DM 4.0980* from DM 4.0760 at the fixing, while the Bundesbank sold $20.25m when the dollar was fixed at DM 1.8770, compared with DM 1.8710 previously. Intervention by the German authorities to support the D-mark during the morning was estimated at $200m.

ITALIAN LIRA — Generally firm, and close to top of EMS, but interest rates may be forced up to prevent capital outflows following latest moves in the U.S. — *The lira fell against EMS* currencies, the dollar, sterling and the Swiss franc at the Milan fixing. Sterling rose to a record L1,918.25 from L1,899, and the dollar was again very firm rising to L874.05 from L870.30, the highest level since January 1978. *The lira was hit by Italy's impending Government crisis.*

FRENCH FRANC—remaining firm around the top of EMS—The French franc eased against the Danish krone and Dutch guilder at the Paris fixing, but improved against its other EMS partners, the Deutsche Mark, Belgian franc, Italian lira and Irish punt.

JAPANESE YEN — Energy problems reflected in sharp decline last year, which after a slight pause has been renewed, resulting in a support package, higher interest rates, and heavy central bank intervention. — The yen improved slightly against the dollar in calm Tokyo trading ahead of the announcement of an increase in Japan's discount rate by 1¾ per cent to 9 per cent. The Bank of Japan did not intervene as the dollar eased to Y248.80 from Y249.425, after touching a high of Y249.15.

THE DOLLAR SPOT AND FORWARD

March 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1810-2.2030	2.1935-2.1945	0.20-0.30c dis	−1.37	0.87-0.97dis	−1.68
Ireland†	1.9645-1.9710	1.9700-1.9710	0.05-0.15c dis	−0.61	0.50-0.60dis	−1.12
Canada	1.1768-1.1798	1.1793-1.1798	0.50-0.45c pm	4.85	1.23-1.13 pm	4.01
Nethlnd.	2.0560-2.0655	2.0580-2.0595	1.55-1.45c pm	8.86	4.35-4.25 pm	8.35
Belgium	30.31-30.52	30.31-30.33	par-5 dis	−0.99	3 pm-4 dis	−0.07
Denmark	5.8400-5.8660	5.8400-5.8415	1.15-1.65ore dis	−2.88	3.10-3.60dis	−2.30
W. Ger.	1.8670-1.8848	1.8760-1.8770	1.76-1.66pf pm	10.93	4.75-4.65 pm	10.02
Portugal	50.10-50.27	50.10-50.20	3c pm-7 dis	−0.48	15pm-25dis	−0.40
Spain	69.65-70.04	69.65-69.75	40-60c dis	−8.61	105-140 dis	−7.03
Italy	873.00-876.90	873.00-873.75	0.1-0.5lire dis	−0.41	1.75-2.75dis	−1.03
Norway	5.0650-5.0940	5.0650-5.0680	2.30-1.80ore pm	4.86	6.35-5.85 pm	4.82
France	4.3600-4.3880	4.3840-4.3870	2.10-2.00c pm	5.63	6.00-5.80 pm	5.40
Sweden	4.3895-4.3955	4.3895-4.3910	2.50-2.30ore pm	6.56	6.75-6.55 pm	6.06
Japan	248.20-249.30	248.65-248.75	0.90-0.75y pm	3.98	2.70-2.55 pm	4.22
Austria	13.41-13.46¼	13.41-13.42	11.8-10.8gro pm	10.71	35.5-33.0 pm	10.21
Switz.	1.7635-1.7915	1.7765-1.7785	2.10-2.00c pm	13.85	5.50-5.40 pm	12.27

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

March 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1810-2.2030	2.1935-2.1945	0.20-0.30c dis	−1.37	0.87-0.97dis	−1.68
Canada	2.5690-2.5900	2.5860-2.5870	0.80-0.70c pm	3.47	1.90-1.80 pm	2.86
Nethlnd.	4.48-4.53	4.51-4.52	3¼-2¼c pm	7.31	8-7 pm	6.64
Belgium	66.25-66.80	66.50-66.60	15-25c dis	−3.61	31-41 dis	−2.16
Denmark	12.76-12.88	12.84½-12.85½	3⅝-5ore dis	−4.03	11½-13 dis	−3.83
Ireland	1.1070-1.1160	1.1130-1.1140	0.07-0.02p pm	0.48	0.11-0.05 pm	0.29
W. Ger.	4.08-4.13	4.11½-4.12½	3⅞-2⅞pf pm	9.83	9½-8½ pm	8.37
Portugal	109.20-110.30	110.00-110.20	5c pm-30 dis	−1.36	10-105 dis	−2.09
Spain	152.30-153.20	152.90-153.00	105-115c dis	−8.63	285-355 dis	−8.37
Italy	1,900-1,919	1,918-1,917	2½-4½lire dis	−2.19	11½-13½ dis	−2.66
Norway	11.08-11.16	11.12½-11.13½	4¼-2¾ore pm	3.77	9½-8 pm	3.14
France	9.53-9.63	9.61½-9.62½	4-3c pm	4.36	9¾-8¾ pm	3.85
Sweden	9.58-9.65	9.62¾-9.63¾	3¼-3ore pm	4.20	9¾-9 pm	3.89
Japan	540-550	545-546	1.30-0.90y pm	2.42	3.55-3.15 pm	2.46
Austria	29.22-29.65	29.40-29.45	25-15gro pm	8.18	66-55 pm	8.22
Switz.	3.88-3.92	3.89½-3.90½	4½-3½c pm	12.31	10⅞-9⅞ pm	10.64

Belgian rate is for convertible francs. Financial franc 69.85-69.95. Six-month forward dollar 0.92-1.02c dis. 12-month 0.70-0.80c dis.

CURRENCY RATES

Mar. 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.584532	0.615071
U.S. $	13	1.26668	1.34208
Canadian $	14	1.50102	1.59144
Austria Sch.	5¼	17.0090	18.0242
Belgian F.	12	38.5387	40.6987
Danish K.	13	7.42148	7.82501
D'Mark	7	2.36996	2.50433
Guilder	9½	2.61189	2.76000
French Fr.	9½	5.54299	5.86155
Lira	15	1102.33	1169.40
Yen	7¼	315.657	334.944
Norwgn. Kr.	9	6.43980	6.82114
Spanish Pts.	8	88.5409	93.5298
Swedish Kr.	10	5.52254	5.88705
Swiss Fr.	3	2.25736	2.39857

CURRENCY MOVEMENTS

Mar. 18	Bank of England Index	Morgan Guaranty changes %
Sterling	72.4	−33.2
U.S. dollar	89.2	−4.5
Canadian dollar	81.3	−17.3
Austrian schilling	153.6	+23.6
Belgian franc	113.4	+12.1
Danish kroner	105.8	−4.6
Deutsche mark	153.3	+44.1
Swiss franc	190.9	+74.2
Guilder	124.9	+19.9
French franc	99.7	−6.6
Lira	53.4	−50.5
Yen	116.5	+15.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

Mar. 18	£	$		£ Note Rates
Argentina Peso	3777-3797	1720-1730	Austria	29.20-29.45
Australia Dollar	2.0175-2.0195	0.9190-0.9195	Belgium	69.70-70.20
Brazil Cruzeiro	101.90-102.90	46.45-46.90	Denmark	12.75-12.82
Finland Markka	8.59-8.60	3.9110-3.9130	France	9.51-9.57
Greek Drachma	87.633-89.708	40.10-40.50	Germany	4.08¾-4.11¼
Hong Kong Dollar	11.14¼-11.16¼	5.0740-5.0790	Italy	1870-1930
Iran Rial	n/a	n/a	Japan	544-549
Kuwait Dinar(KD)	0.599-0.609	0.2765-0.2756	Netherlands	4.48¾-4.51¼
Luxembourg Frc.	66.50-66.60	30.31-30.33	Norway	11.08-11.15
Malaysia Dollar	4.9070-4.9180	2.2330-2.2350	Portugal	106½-110
New Zealand Dlr.	2.3085-2.3105	1.0505-1.0515	Spain	148-155¼
Saudi Arab. Riyal	7.25-7.35	3.3400-3.3430	Sweden	9.59-9.64
Singapore Dollar	4.8860-4.8970	2.2240-2.2260	Switzerland	3.88½-3.90½
Sth. African Rand	1.7770-1.7780	0.8100-0.8105	United States	2.179-2.187
U.A.E. Dirham	8.12-8.22	3.7350-3.7380	Yugoslavia	48¼-50½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.7394	+2.39	+1.51	±1.53
Danish Krone	7.72336	7.83224	+1.41	+0.53	±1.64
German D-Mark	2.48208	2.50910	+1.09	+0.21	±1.125
French Franc	5.84700	5.86348	+0.28	−0.60	±1.3557
Dutch Guilder	2.74362	2.75921	+0.57	−0.31	±1.512
Irish Punt	0.668201	0.678921	+1.60	+0.72	±1.668
Italian Lira	1157.79	1168.95	+0.96	+0.59	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Mar. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.194	4.120	545.5	9.620	3.900	4.515	1919.	2.587	66.55
U.S. Dollar	0.456	1.	1.878	248.6	4.385	1.778	2.058	874.4	1.179	30.33
Deutschemark	0.243	0.533	1.	132.4	2.335	0.947	1.096	465.7	0.628	16.15
Japanese Yen 1,000	1.833	4.022	7.553	1000.	17.64	7.149	8.277	3517.	4.742	122.0
French Franc 10	1.040	2.281	4.283	567.0	10.	4.054	4.693	1994.	2.689	69.18
Swiss Franc	0.256	0.563	1.056	139.9	2.467	1.	1.158	491.9	0.663	17.06
Dutch Guilder	0.221	0.486	0.913	120.8	2.131	0.864	1.	424.9	0.573	14.74
Italian Lira 1,000	0.521	1.144	2.148	284.3	5.014	2.033	2.353	1000.	1.348	34.69
Canadian Dollar	0.387	0.848	1.593	210.9	3.719	1.508	1.746	741.7	1.	25.73
Belgian Franc 100	1.503	3.297	6.191	819.7	14.46	5.860	6.784	2883.	3.887	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.30-18.40 per cent; three-months 18.75-18.85 per cent; six months 18.80-18.90 per cent; one year 17.80-17.90 per cent.

Mar. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16¾-15⅞	16¾-16	8½-9½	9¾-10	2⅞-3⅛	7½-7⅝	12½-12¾	12½-14½	—	14-15
7 days' notice	15½-15⅝	16¾-17	8½-9½	9⅞-10⅛	2⅞-3⅛	7⅞-8	12⅝-12⅞	15-16	17½-17¾	13¼-13¾
Month	17⅞-18	18⅜-18⅝	13⅛-13⅜	10⅜-10⅝	5½-5⅝	8¼-8⅜	13⅜-13⅝	19-19¾	18 5/16-18 11/16	13⅞-14
Three months	18¼-18⅜	19⅜-19⅝	14⅝-15	11⅛-11⅜	6 15/16-7 1/16	9¼-9⅜	14⅛-14⅜	20½-21¼	19 5/16-19 11/16	14 13/16-14 15/16
Six months	18⅜-18½	19 1/16-19 3/16	15-15⅜	11¾-12	7⅜-7½	9 11/16-9 13/16	14⅝-14⅞	21-21½	19 1/16-19 7/16	14¾-14⅞
One year	17⅝-17¾	17¾-18	14⅝-15	12⅜-12⅝	7⅛-7¼	9¾-9⅞	15-15¼	21-22	17⅞-18	13⅜-13⅝

Long-term Eurodollar two years 16⅞-16⅝ per cent; three years 15¾-15⅞ per cent; four years 15¼-15½ per cent; five years 15-15¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates firm

Interest rates in Belgium continued to rise yesterday, with further increases announced on short-term Treasury bill rates. One-month certificates were raised to 16.25 per cent from 15.5 per cent, and two- and three-month bills to 16.75 per cent from 15.9 per cent. At the same time the rate on four-month bond fund paper rose by 1.05 per cent to 16.75 per cent. Yesterday's move was the latest in a long line of interest rate adjustments, and reflected the Belgian authorities' continued policy of supporting the Franc within the EMS by high interest rates. Their determination to try to avoid a devaluation of the franc was underlined yesterday by M. Gaston Geens, the Belgian Finance Minister, who maintained that the Belgian franc was in a healthy position and that its present position did not warrant a devaluation.

In Amsterdam short-term money rates remained steady, while longer-term rates showed a slightly firmer tendency, reflecting market sentiment that international pressure would soon ensure further rises in Dutch domestic rates. Short-term liquidity was in good supply, *however, with funds in good* supply for the rest of this month. The situation was eased further by the latest special discount facility of some Fl 260m. Call money was quoted at 10-10¼ per cent, unchanged from Monday, but longer-term rates rose to 11¼-11½ per cent for three-month from 11⅛-11⅜ per cent and 11⅞-12⅛ per cent against 11⅞-12 per cent for 12-month money.

In Paris call money continued to ease as the authorities took measures to provide short term liquidity. Call money was quoted at 12¼ per cent, down from 12½ per cent on Monday, while longer term rates showed little change.

In Frankfurt call money was quoted at 8.40-8.60 per cent against 8.50-8.60 per cent previously, with period rates unchanged from Monday.

In Tokyo the Japanese discount rate was increased by 1.75 per cent to 9 per cent, much in line with market expectations. The Bank of Japan also increased the reserve requirement ratio for banks from the current level of 1.75 per cent effective from April 1. The new ratio however is not known at the moment.

GOLD

Slight rise

Gold rose $2 to $478-484 in the London bullion market yesterday, but finished well below its highest level of the day. Gold opened at $472-478, and touched a low of $464-470 shortly after the morning fixing of $474.00. In the afternoon the metal advanced strongly to a high of $490-495, but declined on news of higher U.S. bank prime lending rates.

In Paris the 12½ kilo gold bar was fixed at FFr 66,000 per kilo ($466.86 per ounce) in the afternoon, compared with FFr 67,800 ($481.45) in the morning, and FFr 69,000 ($490.43) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,270 per kilo ($468.54 per ounce) compared with DM 29,090 ($482.49) previously.

	Mar. 18		Mar. 17	
Gold Bullion (fine ounce)				
Close	$478-484	(£218-221)	$475-483	(£217-221)
Opening	$472-478	(£215½-218½)	$490-498	(£223-227)
Morning fixing	$474	(£217.033)	$480	(£219.800)
Afternoon fixing	$481.50	(£219.013)	$484	(£221.561)
Gold Coins				
Krugerrand	$482-497	(£224½-227½)	$486-494	(£223½-226½)
Mapleleaf	$490-500	(£223½-228½)	$486-494	(£222½-226½)
New Sovereigns	$122-124	(£55½-56½)	$120-124	(£55-58)
King Sovs.	$143-148	(£65-68)	$142-147	(£65-68)
Victoria Sovs.	$143-148	(£65-68)	$142-147	(£65-68)
French 20s	$130-133		$128½-132½	
50 pesos Mexico	$590-600		$590-600	
100 Cor. Austria	$474-484		$475-485	
$20 Eagles	$655-665		$660-670	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending rate 17 per cent (since November 15, 1979)

Day-to-day credit remained in short suply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills *both* from the banks and discount houses, and a small number of corporation bills direct from discount houses. The help was made up with small loans to three or four houses at MLR, for repayment today. The *market was faced with a* moderate number of local authority bills maturing in official hands and a small net take up of Treasury bills to finance. There was also the repayment of Monday's small market advances and the call on Treasury 14 per cent 1996. In addition banks brought forward balances slightly below target.

On the other hand there was a moderate surplus of disbursements over revenue transfers to *the Exchequer.*

In the interbank market, overnight loans opened at 16¾-16⅞ per cent and rose to 17¼-17⅜ per cent before coming back to close anywhere between 10 per cent and 15 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 18 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	10-17¼	—	—	—	17⅜-17½	15-17	—	—	—
2 days notice	—	—	17⅞-18	—	—	—	—	—	—	—
7 days or 7 days notice	—	16⅝-16¾	17⅞-18¼	—	18	17½	16¼-16⅝	—	—	—
One month	17⅞-17¾	17 1/16-17 3/16	18-18¼	18⅞-18½	18	17¾	16⅝	15⅞-15 15/16	18	18⅝
Two months	17⅞-17¾	17¾-17⅞	—	18⅞-18⅜	18¼	—	16⅝	16 1/16	17 13/16	18⅛
Three months	17⅞-17¾	17 11/16-17 13/16	18⅜-18½	18½-18	18½	18¼	16⅝	16 3/16-16 1/16	17 13/16-17⅝	17⅞
Six months	17 1/16-17⅛	17⅜-17½	17¾-18⅛	17¾-17¼	18	18	—	—	16 1/16	18¾
Nine months	16 13/16-16 15/16	16⅞-17	—	17⅝-17¼	17½	—	—	—	—	—
One Year	16 1/16-16 3/16	16 11/16-16 13/16	17¼-17¾	17¼-17	17¼	—	—	—	—	—
Two years	—	—	16⅞-17¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rate nominally three years 16-16½ per cent; four years 15⅞-16⅛ per cent; five years 15⅞ per cent. ФBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17¼-17⅜ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15¾-15⅞ per cent; two-months 15 29/32-16 per cent; three-months 16 3/32-16 5/32 per cent. Approximate selling rates for one-month bank bills 17¾-17⅞ per cent; two months 17¾-17 29/32 per cent; and three-months 17⅜-17½ per cent; one-month trade bills 18⅝ per cent; two-months 17⅞ per cent; and three-months 17⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1132 per cent.

MONEY RATES

NEW YORK	
Prime Rate	18¾-19
Fed. Funds	15½-16¼
Treasury Bills (13-week)	14.45
Treasury Bills (26-week)	14.80
GERMANY	
Discount Rate	7
Overnight Rate	8.50
One month	9.10
Three months	9.50
Six months	9.70
FRANCE	
Discount Rate	9.5
Overnight Rate	12.5
One month	13.5625
Three months	14.3125
Six months	14.3125
JAPAN	
Discount Rate	7.25
Call (Unconditional)	11.25
Bills Discount (three-month)	13.5

APPOINTMENTS

Electronics adviser at Midland Bank

Mr. C. M. Amies, until recently a senior manager with Standard Telephones and Cables, has been appointed electronics industry adviser to MIDLAND BANK from May 1. He will advise the bank where electronic technology—particularly micro-circuitry—plays a significant part in assessing lending and providing equity finance. He will also liaise with trade and professional associations and various official bodies.

★

Mr. G. R. G. Berwick has been appointed financial director of the BARROW HEPBURN GROUP following the resignation of Mr. G. J. Tytheridge.

★

Mr. R. J. Kinvig has been appointed a director of JARDINE MATHESON INSURANCE BROKERS (SCOTLAND) and JARDINE MATHESON INSURANCE BROKERS (UK).

★

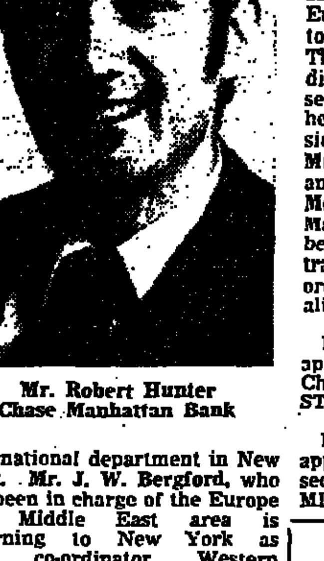
Lord Oaksey has been appointed to the boards of HTV and its subsidiary HTV WEST. Mr. Ron Evans, programme controller for HTV West, and Mr. Huw Davies, programme controller for HTV Wales, join their respective boards.

★

Mr. David Joll has been appointed processing director of BERNARD MATTHEWS, Norwich.

★

Mr. Robert D. Hunter has taken over as area co-ordinator, Europe, at the CHASE MANHATTAN BANK N.A. He joined the bank in 1967 and until now has been co-ordinator, Mediterranean region. Mr. William W. Flanz has become co-ordinator, Middle East area. Mr. Flanz has been in charge of the region, but now will be responsible direct to Mr. Francis X. Stankard, executive vice-president, head of the international department in New York. Mr. J. W. Bergford, who has been in charge of the Europe and Middle East area is returning to New York as area co-ordinator, Western Hemisphere.



Mr. Robert Hunter
Chase Manhattan Bank

★

The Secretary for Trade has appointed five new members to the BRITISH OVERSEAS TRADE BOARD. They are Mr. Guy Huntrods, an executive director of Lloyds Bank International; Mr. Henry James, public relations adviser to the main Board of Vickers; Mr. J. R. Mayhew-Sanders, chairman and chief executive, John Brown and Co.; Mr. David Plastow, group managing director, Rolls-Royce Motors; and Dr. N. Brian Smith, a main Board director of ICI.

★

TURNER MANUFACTURING and Dana-Europe have jointly announced the appointment of Mr. Roy Dumbell to Dana's European headquarters as director of manufacturing services. The products of Turner will be divisionalised with certain senior managers of that company heading respective product divisions. Initial appointments are Mr. Tom Wollam, transmissions and axles, and Mr. Malcolm Moseley, clutches. Mr. Joe Magliochetti, of the U.S., has *been named director of drive-*train products and will co-ordinate the planned divisionalisation.

★

Mr. Pat Cunnane has been appointed as a director of the Cheshire-based REEVES CONSTRUCTION MANAGEMENT.

★

Mr. Harry Morton has been appointed head of export finance section, NATIONAL WESTMINSTER BANK, international banking division. He succeeds Mr. Mike Grayson who is moving, within the same division, to marketing and co-ordination section.

★

Mr. Graham J. L. Hill has been appointed a director of the main board of REGIONAL PROPERTIES.

★

Mr. Alan Goatman is to retire as general manager of EMI *FILMS on April 30 but will* remain on the board in a consultancy capacity.

★

Mr. C. Michael Taeger has been appointed a director and general manager of MOOG HYDRA-POINT, Cheltenham, UK.

★

The Secretary for Industry has appointed Mr. D. I. Young to be a member of the ENGLISH INDUSTRIAL ESTATES CORPORATION from April 1 in *succession to Mr. James Heaton,* who retires. Mr. Young is chairman of the Manufacturers Hanover Property Services.

★

Miss S. L. Redwood has been appointed director of marketing operations of FRANCHISE FRAGRANCE AND COSMETIC DISTRIBUTORS (UK).

★

Mr. Ian Cooke has been appointed a director of MINET CONSULTANCY SERVICES.

Seascope reorganisation

SEASCOPE HOLDINGS is to reconstruct the management and administration of the group and the following changes are to be made:

Insurance: Seascope Insurance Services will continue to be the Lloyd's and International Insurance Broking Company but its operations will be divided from April 1 into three divisions—direct marine, treaty reinsurance and technical services. The board of that company will be: Mr. D. P. d'Ambrumenil, chairman; Mr. V. J. Byrne, deputy chairman, reinsurance; Mr. P. H. Chisholm, deputy chairman, direct insurance; Mr. T. T. Tobin, deputy chairman, claims and technical services; Mr. R. E. Cole, managing director, reinsurance; Mr. W. M. C. Garthwaite, managing director, direct insurance; Mr. I. J. Banyard, Mr. R. P. G. A. Brandram, Mr. J. Graham, Mr. S. P. Hume-Kendall, Mr. S. R. Innocenti, Mr. J. F. Jackman, Mr. D. N. Lane, Mr. G. K. Langford, Mr. P. Leith-Smith, Mr. H. G. P. Linehan, Mr. C. B. Longbottom, Mr. D. H. Low, Mr. A. D. M. Proctor, Mr. H. R. Sykes and Mr. T. D. H. Young. Mr. J. Thorp will be joining the company as a director at the beginning of April.

Underwriting Agency: Seascope Underwriting Agencies will remain responsible for group underwriting. Its board will consist of: Mr. d'Ambrumenil, chairman; Mr. Proctor, deputy chairman, Mr. Chisholm, Mr. Garthwaite, Mr. Jackman, Mr. Longbottom, Mr. Sykes, Mr. C. J. Round and Mr. P. S. Dixon.

Shipping: A new company to take the name of Seascope Limited will be formed to oversee the group shipping operations with the following board: Mr. Longbottom, chairman, Mr. d'Ambrumenil, Mr. Graham, Mr. Jackman, Mr. Sykes, Mr. Young, Mr. T. D. Bell, Mr. M. L. Jones, Mr. G. M. Philipps, Mr. R. P. Seal, Mr. I. M. Shaw, Mr. G. E. Simpson, Mr. V. G. Ward and Mr. T. F. Dixon.

Administration: From June 1, the administrative and secretarial function will now be carried out by a new company to be called Seascope Administration. The board will be: Mr. d'Ambrumenil, chairman, Mr. Jackman, Mr. Longbottom, Mr. B. C. B. Clarke and Mr. W. Kelly. Mr. I. Pigram will be secretary.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½ %
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	18½ %
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½ %	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½ %
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½ %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15½% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

COMPANY NOTICES

NOTICE OF RATE OF INTEREST

BANQUE NATIONALE DE PARIS

U.S.$50,000,000 FLOATING RATE NOTES DUE 1987

In accordance with the provisions of the Agency Agreement between Banque Nationale de Paris and National Bank of Abu Dhabi, dated as of 5th March, 1980, notice is hereby given that the rate of interest has been fixed at 20 3/16%, and that the coupon amount payable on 19th September, 1980, against Coupon No. 1 will be US$103.18 and that such amount has been computed on the actual number of days elapsed (184) divided by 360.
By: National Bank of Abu Dhabi,
Head Office,
Agent Bank.

KINGDOM OF NORWAY

US$25,000,000 5½% 20-YEAR EXTERNAL LOAN OF 1964

Bondholders of the above Loan are advised that the Redemption due on the 13th May, 1980, i.e. US$2,219,000 nominal, has been effected by purchase. The outstanding balance after this redemption is US$10,167,000 nominal.
HAMBROS BANK LIMITED
19th March, 1980.

ELECTRICITE DE FRANCE
National Service
Public Corporation of the French State
(Law on nationalisation of Electricity and Gas of April 8, 1946)
Registered Office:
2, Rue Louis Murat, PARIS (8ème)

BONDS 8.50% 1971-1986 OF USD 1,000

ELECTRICITE DE FRANCE made use for the repayment of USD 800,000 instalment due on May 1, 1980, of the right which they reserved at the time of issue, and cancelled 800 repurchased bonds.
There will be no drawing by lot for this ninth redemption.
Outstanding amount USD 15,200,000.
Numerical list of series drawn by lot at the previous drawings among which figure the bonds not yet presented for reimbursement:
Drawing of March 4, 1977—Reimbursement May 1, 1977
1 to 135
Drawing of March 7, 1979—Reimbursement May 1, 1979
12,228 to 13,027
BANQUE NATIONALE DE PARIS,
Fiscal Agent

THE GRESHAM STREET DOLLAR FUND N.V.
(Incorporated with limited liability in the Netherlands Antilles)

Shareholders in the Fund are advised that payment of a distribution of U.S.$0.15 in respect of the business year ended 31st December, 1979, has been approved. Dividend warrants are being despatched by post to holders of registered shares.
By order of the Board of Management.
Curacao.
19th March, 1980.

NOTICE OF REDEMPTION
MORTGAGE BANK OF FINLAND OY
9¼% 1976-1983
DOLL.U.S.20,000,000

Holders of the above-mentioned loan are hereby informed that the annual instalment of Doll.U.S.2,000,000 due April 1st 1980, has been effected by repurchase.
The principal amount of bonds outstanding after the amortisation of April 1st 1980, will be Doll.U.S. 15,500,000.
It is recalled, that last year the bonds drawn by lot were numbered 7260 to 8759 inclusive and that not all the bonds have been presented for payment as yet.
BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Trustee
Luxembourg.
March 19th 1980.

THE CONVERTIBLE BOND FUND N.V.
(Incorporated with limited liability in the Netherlands Antilles)

Shareholders in the Fund are advised that payment of the final distribution of US$0.22 per share has been approved and will be made against presentation of Coupon No. 23 on and after Wednesday 19th March, 1980, at the offices of the Paying Agents, Citibank N.A., New York, Amsterdam, Beirut, Brussels, Frankfurt, London, Milan and Paris and Banque Internationale a Luxembourg S.A., Luxembourg.
Dividend warrants are being despatched by post to holders of registered shares.
By order of the Board of Management.
Curacao.
19th March, 1980.

PUBLIC NOTICES

CITY OF WESTMINSTER

London Borough Bills amounting to £130 million were issued on 19 March 1980 for maturity on 17 June 1980. Applications totalled £175 million. The minimum price of accepted tenders was 95.91½ and 11.54% of the issue was allotted at this price. The average rate of discount was 16.29379%. No other Bills are outstanding.

WORLD STOCK MARKETS

Dow index 2.6 easier at noon

AFTER MONDAY'S severe setback, Wall Street made a half-hearted early rally before turning easier again by mid-session.

The Dow Jones Industrial Average, down 23.04 on the previous day, was 3.33 firmer at 11 am but receded to 786.01 at noon for a fresh net loss of 2.64. The NYSE All Common Index lost 25 cents to $57.97. Declines paced advances five to two on turnover of 25.26m shares.

Analysts said continuing disappointment with Administration anti-inflation plans and *fears they will precipitate* a severe recession were still discouraging investors.

Additionally, four major banks raised their Prime Rate to 19 per cent from *18½* per cent. Analysts said the continuing rise in interest rates was weeding margin accounts out of the market because of the high cost of carrying stock on credit.

The Stock Exchange reported late last week that customer margin debt rose to a record $12.5bn in February.

The Oil Group and some precious Metals Issues rebounded early from their sharp setbacks on Monday, but by mid-session, many had turned lower again.

Volume leader **Gulf Oil** rose a point initially, but gave back all of the gain to stand unchanged at $39. **Mobil**, in second place, rose to $71 at one point, but pulled back to $69 for a gain of ¼.

Charter dropped 3⅜ to $23⅜. **Occidental Petroleum** ended plans to sell a crude oil marketing unit to Charter. **Occidental** slipped ¼ to $23½.

K Mart was unchanged at $19 despite reporting lower fiscal fourth-quarter net. **Sears Roebuck**, which on Monday reported a 23 per cent fall in final quarter net, was unchanged at $15½. Sears also said it would raise repayments levied on charge accounts.

Citicorp lost ½ to $17⅜. It raised the dividend but forecast a profit slide. **BankAmerica** lost ¼ to $20⅞. **TAM** ½ to $58⅜, **Teledyne** 1⅞ to $132⅞ and **Inco** ⅛ to $23⅞ and **General Electric** ½ to $46⅜. **Du Pont** tacked on ⅜ to $33⅜ and **Minnesota Mining** ¼ to $47⅞.

McCormick and Co. dropped 3½ to $22½ bid, over-the-counter. It rejected a $37-a-share takeover proposal from **Sandoz** of Switzerland.

THE AMERICAN S.E. Market Value Index was 3.42 lower at 245.78 at midday. Volume 3.60m shares.

Canada

Markets continued lower in active trading. The Toronto Composite Index declined 10.7 to 1,854.1 at midday. Metals and Minerals were down 16.7 to 1,857.0 and Oils and Gas 14.2 to *4,077, but Golds recovered 17.00* to 2,735. In Montreal, Banks receded 2.04 to 300.65.

Some Oil stocks showed signs of firming as **Hudson's Bay Oil** *rose C$2 to C$109*, ***Imperial Oil*** "A" ½ to C$45½ and **Asamera** ½ to C$22⅞, but **Gul Canada** fell 2½ to C$150. **BP Canada** ⅞ to C$42. **Dome Petroleum** ½ to C$60⅞ and ***Shell Canada*** *¼ to C$34*.

Tokyo

Overcoming an early sharp decline, the market showed some recovery to close on a mixed note after a moderate business volume of 270m shares.

Expectations of the Bank of Japan raising the discount rate from 7¼ per cent to 9 per cent and the possibility of a new anti-inflation package initially depressed the market, but the lower prices later invited "cheap" buying.

The Nikkei Dow Jones Index closed 15.55 up at 6,578.21, but declines led advances by 364-to-252 on the first market section.

Non-Ferrous Metals were broadly sold on lower overseas commodity prices.

Trading Houses, such as Mitsu*bishi recovered, but Chemicals* and Shippings closed lower.

Tokuyma Soda, Nippon Wool *and some other speculative issues* were higher, while Shipyards, including **Hitachi Zosen** and **Mitsui Shipbuilding**, gained ground.

Nippon Oil advanced Y50 to Y2,240, **Fuji Photo Film**, Y29 to Y499, **Sony** Y40 to Y1,690, **Pioneer Electronic** Y30 to Y1,780 and **Honda Motor** Y5 to Y556.

Hong Kong

Share prices fell sharply on modest volume, forcing the Hang Seng Index to its biggest daily fall this year, down 35.54 to 747.76.

The market opened lower following heavy overnight selling *in London, and prices were* further depressed as operators sold in the expectation of a 1 to 1½ per cent rise in local interest rates this weekend to support the ailing Hong Kong dollar.

Dealers said bearish sentiment was compounded by lower Gold prices which forced some operators to liquidate stocks to meet obligations, which in turn triggered selling by speculators to meet margin calls.

HK Wharf fell HK$3 to HK$56, **Jardine Matheson** 90 cents to HK$13.80 and **HK Bank** 50 cents to HK$20.50, while **HK Land** receded 70 cents to HK$10.80. **Cheung Kong** HK$1.30 to HK$18.40 and **SHK Properties** 80 cents to HK$15.80.

Germany

Share prices declined sharply in a market soured by rising interest rates and Wall Street's overnight weak performances.

The Commerzbank Index recorded *a fall of 14.8 to close* at 1979-80 low of 686.6.

Machines suffered the sharpest losses led by **GHH** and **Linde** which each fell DM 7. **KHD** dropped DM6 and **Deutsche Babcock** eased DM 5, while **Mannesmann** fared best among the majors to lose only DM 1.20.

Banks, Motors, Chemicals and Stores all suffered broad falls as well, with very few shares losing less than DM 2.50.

Deutsche Bank shed DM 3 while in Chemicals **Degussa** lost DM 7.10 and **BASF** DM 3.70.

In Stores **Neckermann** receded DM 8 and in Electricals **Brown Boveri** were down DM 8.80.

Bonds continued to weaken with Public Authority Issues falling off DM 1. The Central Bank intervened to take paper *valued at DM 14.8m out of the* market, considerably more than the DM 3.1m purchased on Monday.

Australia

Stocks continued to weaken with Minings dragged lower by the poor overnight performance of base metals and *gold stocks* on the London Exchange. However, shares closed above the day's worst or higher on the day on late buying interests.

The Sydney All Ordinaries Index lost 12.00 more to 770.62 and the Metals and Minerals Index 158.92 to 4642.35.

Aberfoyle lost 80 cents to A$4.70 among Minings, while **CRA** fell 20 cents at A$4.70. **North BH** 17 to A$2.85 and **MIM** 25 to A$4.10.

Leichardt Exploration fell 20 cents to A$3.80, while gold issues were also sharply lower with **Consolidated Goldfields** losing 16 cents to A$4.90. **GMK** 35 to A$3.35, **Poseidon** 10 to A$1.75 and **Emperor** 15 to A$1.50.

BHP closed a net 25 cents down at A$11.75 after touching a low for the year of A$11.60.

Johannesburg

Gold shares fell in fairly active trading in reaction to the bullion price's further retreat.

Western Areas shed 250 cents to R595 cents, **Harties** 200 to R540 and **Vaal Reefs** and **ERPM** 100 each to R525 and R235 respectively. Mining Financials followed producers, with **Goldfields** falling 500 to R900, **Gencor** 50 to 185 and **Anglos** 30 to R123. **De Beers** eased 20 to 1,010.

Closing prices for North America were not available for this edition.

Indices

NEW YORK—DOW JONES

	Mar. 17	Mar. 14	Mar. 13	Mar. 12	Mar. 11	Mar. 10	1979-80 High	1979-80 Low	Since Cmpil'n High	Since Cmpil'n Low
♦ Industr'ls	788.65	811.83	809.56	819.54	826.45	818.94	903.84 (13/2/80)	788.65 (17/3/80)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	84.20	84.39	84.41	84.52	84.49	84.76	(86.10) (15/8)	84.06 (6/3/80)	—	—
Transport.	255.31	261.78	263.15	265.68	271.66	271.13	305.80 (8/2/80)	205.78 (27/2)	305.80 (8/2/80)	12.23 (8/7/32)
Utilities	100.54	102.61	103.21	103.58	104.57	104.13	113.46 (15/2/80)	98.24 (24/10)	163.32 (20/4/68)	10.52 (28/4/42)
TradingVol 000's	57,020	55,180	36,070	57,990	41,550	45,750	—	—	—	—

♦Day's high 811.36 low 784.98

Ind. div. yield %	Mar. 14	Mar. 7	Feb. 29	Year ago (approx)
	6.41	6.00	6.02	5.80

STANDARD AND POORS

	Mar. 17	Mar. 14	Mar. 13	Mar. 12	Mar. 11	Mar. 10	1979-80 High	1979-80 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	115.81	119.60	119.84	121.48	122.47	121.06	134.47 (13/2/80)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	102.26	105.43	105.62	106.92	107.78	106.51	118.44 (13/2/80)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 12	Mar. 5	Feb. 27	Year ago (approx)
Ind. div. yield %	5.37	5.14	5.07	5.11
Ind. P/E Ratio	7.56	7.95	8.04	8.44
Long Gov. Bond Yield	12.29	12.32	12.61	9.02

N.Y.S.E. ALL COMMON

Mar. 17	Mar. 14	Mar. 13	Mar. 12	1979-80 High	1979-80 Low
58.22	60.07	60.20	60.86	67.77 (13/2/80)	55.89 (27/3)

Rises and Falls	Mar. 17	Mar. 14	Mar. 13
Issues Traded	1,903	1,878	1,868
Rises	194	605	496
Falls	1,498	875	942
Unchanged	211	398	430
New Highs	5	2	2
New Lows	280	172	164

MONTREAL	Mar. 17	Mar. 14	Mar. 13	Mar. 12	1979-80 High	1979-80 Low
Industrial	358.41	371.06	378.95	385.57	423.80 (29/2/80)	219.19 (2/1)
Combined	328.12	337.98	345.68	348.21	378.90 (29/2/80)	225.80 (2/1)
TORONTO Composite	1864.8	1847.3	1966.8	1996.5	2192.5 (29/2/80)	1515.8 (2/1)

	Mar. 18	Mar. 17	Mar. 14	Mar. 13	1979-80 High	1979-80 Low
AUSTRALIA						
Sydney All Ord. (1958/59)	770.62	782.62	785.46	814.01	947.47 (14/2/80)	545.72 (2/1/79)
Metals &Minls (1956/59)	4642.35	4801.27	4943.65	5160.93	6680.95 (14/2/80)	2587.34 (2/1/79)
AUSTRIA						
Credit Aktien (2/1/62)	68.74	68.85	69.00	68.73	69.48 (7/1/80)	61.65 (2/5/79)
BELGIUM						
Belgian SE (31/12/63)	92.65	95.48	95.72	94.14	109.47 (5/10)	92.65 (18/3/80)
DENMARK						
Copenhagen SE (1/1/73)	75.81	75.88	75.48	76.15	97.48 (25/7)	74.78 (5/3/80)
FRANCE						
CAC General (28/12/61)	103.40	104.2	104.80	107.0	116.2 (14/2/80)	82.4 (16/2/79)
Ind Tendance (28/12/79)	99.10	99.4	100.40	101.4	109.7 (15/2/80)	95.6 (5/1/80)
GERMANY						
FAZ-Aktien (31/12/58)	218.65	222.84	225.26	225.35	265.80 (16/1/79)	218.11 (21/1/80)
Commerzbank(Dec.1953)	686.60	701.4	704.80	707.5	839.80 (16/1/79)	686.60 (18/3/80)
HOLLAND						
ANP-CBS General (1970)	76.2	78.8	78.50	79.7	94.2 (24/1/79)	76.2 (18/3/80)
ANP-CBS Indust. (1970)	58.6	60.2	61.40	62.4	85.9 (24/1/79)	59.6 (18/3/80)
HONG KONG						
Hang Seng Bank(31/7/64)	747.76	783.30	787.43	800.96	963.17 (15/2/80)	493.85 (2/1/79)
ITALY						
Banca Comm. Ital (1972)	90.33	91.70	92.86	93.42	96.31 (26/2/80)	68.59 (2/1/79)
JAPAN						
Dow Average (16/5/49)	6578.21	6562.66	6595.40	6604.89	6838.86 (14/2/80)	6925.87 (10/4)
Tokyo New SE (4/1/68)	462.52	451.62	453.23	454.41	472.65 (14/2/80)	435.13 (13/7)
NORWAY						
Oslo SE (1/1/72)	118.37	122.43	123.78	124.77	144.70 (14/2/80)	74.46 (16/1/79)
SINGAPORE						
Straits Times (1966)	455.16	463.78	457.31	461.43	504.11 (6/3/80)	346.54 (25/2/79)
SOUTH AFRICA						
Gold (1958)	(u)	505.3	528.5	548.0	804.3 (6/3/80)	228.40 (17/4)
Industrial (1958)	(u)	490.4	497.4	501.2	517.2 (14/2/80)	278.50 (2/1/79)
SPAIN						
Madrid SE (28/12/79)	100.45	(c)	101.18	101.38	103.28 (21/2/80)	98.31 (16/1/80)
SWEDEN						
Jacobson & P. (1/1/58)	367.85	369.98	374.20	376.60	401.34 (8/2/79)	331.67 (24/9)
SWITZERLAND						
Swiss Bank Cp. (31/12/58)	280.9	284.9	290.20	292.6	329.10 (2/5)	280.9 (18/3/80)
WORLD						
Capital Intl. (1/1/70)	—	124.4	127.7	128.0	145.5 (13/2/80)	122.2 (1/5/79)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Texaco	587,200	33½	−2⅝	Exxon	305,200	57⅝	−2⅞
Gulf Oil	509,600	39	−4⅛	Eastman Kodak	302,000	46	+1⅛
Mobil	503,500	68¾	−6½	Asarco	280,000	34¼	−3⅞
IBM	414,700	59⅝	−⅜	Am. Tel. & Tel.	276,400	48¾	−⅜
Bonguet	314,400	7¼	−1¼	Sears Roebuck	250,900	15⅝	−½

COMMODITIES AND AGRICULTURE

Output rise in oilseeds forecast

WASHINGTON—World production of oilseeds during the 1979-80 season is now projected at 180.1m tonnes, 200,000 tonnes more than forecast last month and 22.1m tonnes, or 14 per cent, above 1979-80 output, the U.S. Agriculture Department said.

Notable changes since the February estimates include a 200,000-tonne increase in the sunflowerseed crop to 15.5m tonnes and a 100,000-tonne *decline in the soyabean crop to* 96.6m tonnes.

The USDA said world consumption of oilseed products is projected to increase less than available supplies.

Protein meal usage is forecast to increase about 9 per cent, the same level as the annual increase in each of the past two years. However, availabilities of meals, other than soyabean, are forecast to increase less than demand; world demand for soyabean meal is expected to increase at a faster rate pace, about 10 per cent.

The department said the main growth areas for soyabean meal consumption are expected to be in the U.S., Eastern Europe, the U.S.S.R. and China, as well as a number of Third World countries where serious efforts are under way to expand animal protein (mainly poultry supplies).

The imbalance between output and consumption will result in a build-up of stocks at the end of the current season, with much of the increase in U.S. soyabeans, sunflowerseed and cottonseed, as well as some increase in Brazilian soyabeans and soyabean oil.

The USDA said as a result of an expected 20 per cent increase in world soyabean output in the 1979-80 year, prices have experienced a slow but steady decline since late last summer.

Rik Turner in Sao Paulo writes: A bumper soya crop is to bring Brazil export earnings of $2.6bn this year, according to official estimates. This is some $1bn more than the sector *earned last year, and represents* a 12.5 per cent of projected $20.8bn overall export earnings.

Cadmium ban postponed

STOCKHOLM — The Swedish Government is delaying the ban on imports and use of admium in Sweden by one year to July, 1982, the Agriculture Ministry said.

Cane growers seek pledge of EEC sugar cuts

BY JOHN EDWARDS, COMMODITIES EDITOR

CANE SUGAR producers are demanding new assurances that Britain and the Community will take positive action to cut surplus sugar production. Producing countries are worried about the failure of the Community to adopt a new sugar regime.

A delegation of Ministers from the African, Caribbean and Pacific countries (ACP group), who supply the EEC with 1.3m tonnes of sugar a year under the Lome Convention, saw Mr. Peter Walker, UK Minister of Agriculture, in London to express their concern about the situation.

The ACP Ministers pointed out that in spite of assurances given last year, another UK cane refinery had been closed; there had been a record British beet crop and the British Government had opposed the reduction in the UK beet quota proposed by the EEC Commission. They added that there must be a real risk that the effect of seeking to alter the British beet quota figure would lead either to a delay in implementing the plan to cut back surplus EEC production or to an increase in the overall total Community quota.

The Ministers questioned how, in actual practice, it would be possible to maintain the outlet for can sugar in Britain if the UK beet quota was to remain appreciably above that proposed by the Commission. At a time when the North-South dialogue was being revived, it was essential to fulfill obligations to countries dependent on sugar exports for their economic survival.

Mr. Walker said that the British Government fully recognised the need to reduce the European sugar surplus. He has made it clear that he was willing to accept a cut in the present UK beet quota but was opposed to a "disproportionate and damaging cut in the quota of the UK which he considered had not contributed to the EEC surplus."

Mr. Walker reaffirmed that the UK remained fully committed to the can sugar import policy under the Lome Convention. He undertook to have further consultations should a situation arise in the UK market that was harmful to the interests of the ACP countries.

Meat levy cuts announced

BY RICHARD MOONEY

THE UK Meat and Livestock *Commission yesterday* announced the reduced levy rates it will be charging farmers and slaughterers to finance its non-promotional activities in 1980-1981.

The cuts, which have been forced on the MLC following a protracted battle with the meat trade, will reduce the general levy by 20 per cent from the 1979-80 level. After allowing for collection costs the Commission expects its 1980-81 general levy income to be £3.6m compared with £4.6m in 1979-80. The meat promotion levy is unchanged at £3.7m.

From April 7 the total cattle levy (including promotion) will *come down to 80p per head from* 90p in 1980-81, for sheep it will be 15p (16p) and for pigs 26p (30p). The calf levy will be unchanged at 8p.

Under the agreement negotiated with the trade the MLC's general levy income will rise only marginally during the next two seasons. In 1981-82 it will be 85 per cent of the 1979-80 level rising to 90 per cent in 1982-83. But it hopes to make up some of this shortfall in real income by charging users more for services such as beef and sheep recording, feed recording and on-farm pig testing.

These services bring in about £750,000 a year at present but the Commission hopes to double or treble this figure over the next three years.

Announcing the new arrangements, Mr. Wally Johnstone, the MLC chairman, recognised that greater effort would have to be made to persuade livestock farmers to use the Commission's services now that the charges *had been raised.* "We believe the services we offer are essential to the industry. It will be a major setback to the whole industry if we fail to persuade farmers to use them," he said.

Mr. Johnstone said the main casualty of the cuts would be the Commission's research programme.

A number of MLC livestock improvement establishments will have to close down and the total staff is expected to be reduced by over 100.

● The European Court will consider the EEC Commission's application for an interim injunction against France over its illegal restrictions on British lamb imports next Monday, it was announced yesterday. The deadline for France's answer to the charge is today.

Increase in UK wheat harvest forecast

BY OUR COMMODITIES STAFF

A SMALL rise in UK wheat and barley output this year is indicated by latest Ministry of Agriculture figures, the Home-Grown Cereals Authority said yesterday.

This assumes that yields will be "close to their trend value." The agricultural census taken in December reports the area planted to winter wheat in England and Wales at 1.35m hectares, the same as the total area harvested in 1979 and up from winter sowings of 1.28m.

Sowings of spring wheat will mean an increase in the total area is certain this year, the Authority said.

Even if there is a slight reduction in spring sowings, the UK harvest area is likely to exceed 1.4m hectares, HGCA said. This would imply a crop of over 7.2m tonnes if yields hold up, compared with 7.135m in 1979.

A much sharper increase was shown for winter barley sowings which were put at 705,000 hectares against 552,000 last year. But because of uncertainty over the level of spring barley plantings higher winter sowing does not provide a reliable guide to the harvest, the Authority said. A high proportion are obviously replacing spring sowings.

Coffee merchant charged

LONDON-BASED coffee merchants, Alan J. Ridge and Co., have been charged by the U.S. Commodity Futures Trading Commission with violations of the Commodity Exchange Act and CFTC regulations, it was confirmed yesterday.

The Commission claims that the London company refused to comply with a CFTC order to provide certain information and access to records of its trading on the New York *Coffee Exchange. This move* follows an investigation by the CFTC into alleged distortion of coffee market prices by the producer-based Bogota Fund.

The CFTC demanded details of transactions from traders, but these *have been* refused by some non-U.S. companies on the grounds this would break their confidential relationship with clients.

This is part of the bigger controversy over whether the *CFTC should have power to* demand information from non-U.S. companies. After strong protests from the London commodity markets, backed by the U.K. Government, the CFTC appears to be *willing to compromise* but this latest step may revive disagreement again.

Ivory Coast experiments in cocoa storage

ABIDJAN—Ivory Coast cocoa stockpile now stands at just over 120,000 tonnes, according to General Rene Amany, head of the cocoa marketing board.

Maincrop 1979/80 cocoa purchases at mid-March stood at just over 290,000 tonnes and the overall crop is likely to equal last year's 312,000 tonnes.

The Ivory Coast is experimenting with three different systems of long-term cocoa stockpiling with a view to expanding them quickly, foreign experts said.

The experiments were carried out in the light of apparent failure to formulate a new cocoa agreement, leading to a new determination by producers to organise themselves.

Cocoa experts from the 10 cocoa producer nations will meet in the Ivory Coast central city of Yamoussoukro on March 28-29 to prepare an agenda for a cocoa summit at which heads of state or governments of alliance members will attend. The summit is likely to deal with the alliance's stockpiling policy and with the creation of a cocoa producers' fund.

INTERNATIONAL COMMODITY FUND

A stubborn battle with developing countries

BY BRIJ KHINDARIA IN GENEVA

PLANS to create a $750m fund to finance a series of International Commodity Agreements (ICAs) have been swamped by difficulties which are likely to delay separate attempts to stabilise prices and markets for key commodities.

In the negotiations involving 150 countries, the U.S., partly backed by the Common Market, is fighting a stubborn battle with developing countries.

For the past four years those countries have insisted that markets for 18 of their vital agricultural and raw materials exports should be stabilised through the conclusion of ICAs.

Industrialised countries agreed to the principle of market stabilisation at a United Nations Conference on Trade and Development (UNCTAD) in 1976 and last year reached a deal with the Third World to create a common financial fund to support the proposed ICAs.

The Third World demand for a $6bn fund was pared down to $750m but subsequent negotiations to put the deal into effect have been bogged down in disputes so fundamental that the fund's creation is itself in doubt.

Prominent Third World diplomats now charge the West with going back on earlier promises while Western diplomats point out that creation of a large fund is premature without conclusion of ICAs. They fear that the fund will be used as a covert source of financial aid rather than to solve problems caused by commodity market instability.

Of the 18 commodities first envisaged for ICAs, only six have so far been brought into such agreements, which seem to be well out of sight for the others.

Two-week expert level negotiations to prepare the way for a diplomatic negotiating conference on May 27 ended here last week with no significant narrowing of differences and experts will meet again for a fortnight starting on April 8.

Western countries are acting cautiously because they do not want to interfere with existing freedoms on commodity markets. In contrast, developing countries say that absence of price stabilisation systems promotes speculation in key commodities and slows down international trade in commodities, while keeping producers in poverty.

The main disputes currently centre on how much money will be paid into the fund at the start and how far member countries will be liable for the fund's debts.

The West wants the fund to behave like a broker helping individual ICAs to get loans from banks rather than as a lending institution which itself borrows *heavily from* international financial markets by offering its capital as collateral.

Developing countries, backed to some extent by UNCTAD's secretariat, say the West agreed last year that the fund would be a lender to ICA's. It was to be supported by substantial guarantees given by member countries which would have ultimate liability for the fund's debts up to the limit of the sums earmarked by them as guarantee capital.

Even if this gap in interpretation of last year's agreement is somehow bridged, disputes will flare over decision-taking methods and how to share financial contributions to the fund.

Developing countries last year walked out of a diplomatic negotiating conference on the fund rather than accept an unsatisfactory deal. Unless the expert level talks next month produce considerable changes in positions the conference in May could suffer the same fate.

Hope of end to wool strike

BY PATRICIA NEWBY IN CANBERRA

THERE was cautious optimism here last night that a solution might be in sight to the dis*pute which is holding up* Australian wool exports.

Talks held in Canberra before Arbitration Deputy Commissioner, Mr. Justice Williams were joined by Mr. Bob Hawke, the president of the Australian Council of Trade Unions (ACTU). The talks will continue in Sydney today.

Mr. Hawke said after yesterday's meeting that the Government was being provocative by freezing all wool exports thereby causing a shutdown of the industry and a lock-out of storemen and packers not on strike in centres other than Sydney and Melbourne.

However, he said the parties to the dispute were still talking, which was a good sign. He said that the solution of any dispute required a compromise.

The dispute has now spread *to the waterfront in New South* Wales where rank and file members of the Storemen and Packers' Union are taking unofficial action in refusing to refuel ships which have connections with wool brokers.

About 20 lines are affected covering most ships that normally carry wool. Many are being refuelled in other states, but the action by storemen and packers engaged in bunkering could spread.

The union has not taken official retaliatory action against industries dealing with wool brokers because of the risk of heavy fines under the Trade Practices Act which forbids boycotts of innocent third parties to disputes.

Meanwhile, the Government yesterday put into force regulations introduced on Monday to *freeze wool exports.* Wool in transit will not be affected until Friday night when that will be frozen, too.

Dismissal notices effective from Tuesday have been issued to storemen and packers still working in centres other than Sydney and Melbourne.

In London Mr. David Asimus, the chairman of the Australian Wool Corporation warned that Australian wool will lose a big *part of its markets to synthetic* fibres if the 10-week old strike is not settled quickly.

Mr. Asimus feared the marketing consequences of the prolonged dispute on markets where stocks were low could be critical.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer on the London Metal *Exchange. Forward* metal moved up to touch £1,030 on the pre-market reflecting good short covering despite the weakness of Comex overnight. The short covering continued during the rings and following the firm opening on Comex. However, news of further interest rate rises in the U.S. prompted a downturn on Comex and London *moved lower* to close the late kerb at £1,013. Turnover 15,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1000-2	−11.5	1002-5	+5.5
3 months	1011-2	−12	1015-7	+7
Settlem't	*1002*	−12	—	......
Cathodes				
Cash	961-2	−14	957-62	−1
3 months	986-7	−12.5	985-6	+4
Settlem't	962	−18	—	......
U.S. Prod	—	......	*99-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,003, 2, 1, three months £1,026, 26, 27, 28, 27, 23, 21, 20, 19, 20, 18, 16, 18, 17, 18, 15, 14, 12, 11. Cathodes, three months £988, 86. Kerb: Wirebars, three months £1,011, 12, 13, 14, 15, 14, 13. Afternoon: Wirebars, three months £1,020, 21, 20, 22, 21, 20, 19, 18, 17, 16. Kerb: Wirebars, three months £1,012, 11, 12, 13, 14, 17, 20, 18, 17, 15, 14.

TIN—*Slightly easier: Forward metal* opened lower at £7,775 owing to the fall at Penang and fell farther to £7,750 following hedge selling. During the afternoon the market moved ahead as covering against physical business pushed forward metal ahead to £7,780. However, news of increased U.S. interest rates coupled with a widening of the contango, reflecting fresh arrivals of material, left forward metal at £7,780 on the late kerb. Turnover 750 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7730-5	−72.5	7710-30	−45
3 months	7755-60	−82.5	7770-2	−24
Settlem't	7735	−75	—	......
Standard				
Cash	7730-5	−72.5	7710-30	−45
3 months	7755-60	−82.5	7770-2	−24
Settlem't	7735	−75	—	......
Straits E.	‡$2209	+8		......
NewYork	—	......		......

Morning: Standard, £7,740, 50, 40, three months £7,760, 65, 70, 50, 60, 50. *Kerb: Standard, three months* £7,760. Afternoon: Standard, three months £7,770, 80, 90, 80, 70, 71. Kerb: Standard, three months £7,770, 75, 70, 80.

LEAD—Barely changed for forward metal which moved in a narrow range prior to closing the late kerb at £558.5. Turnover 5,850 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	480-2	−1	482-4	+1
3 months	456-7	+.5	459.75-60	+4.37
S'ment	482	−1	—	......
U.S. Spot	—	......	*50	......

Morning: Cash £480, 82, *three months* £456, 55, 57, 58, 57. Kerb: Three months £457, 55, 56, 57. Afternoon: Three months £460. Kerb: Three months £460, 59.

ZINC—Marginally easier in quiet trading with forward metal dipping to £325 before recovering to close the late kerb at £329.5. Turnover 10,900 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
	£	£	£	£
Cash	322-3	−4.5	320-1	−1.5
3 months	325-6	−6.5	326-.5	−2.25
S'ment	323	−5	—	......
Primw'ts	—	......	*39.5	......

Morning: Cash £322, 23, three months £328, 29, 30, 28, 27, 25, 26. Kerb: Three months £326. Afternoon: Three months £328, 26.5. Kerb: Three months £327, 26, 27, 30.

ALUMINIUM—Gained ground following the tight nearby supply situation which widened the backwardation to over £30. Forward metal held steady at £846 throughout the pre-market but picked up strongly to touch £865 during the afternoon before closing the late kerb at £863. Turnover 4,800 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	† + or —
	£	£	£	£
Spot	885-8	+33	885-90	+22.5
3 months	853-4	+11	857-8	+12.5

Morning: Cash £880, 85, three months £862, 53, 54, 55, 52, 53, 54. Kerb: Three months £852. Afternoon: Three months £853, 54, 55, 56, 57, 59, 60, 61, 58. Kerb: Three months £858, 59, 60, 65.

NICKEL—Held steady in subdued trading with forward metal finally £3,130 after touching £3,145 during the morning. Turnover 378 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	3010-30	−2.5	3010-30	+25
3 months	3140-5	−12.5	3135-40	......

Morning: Three months £3,140. Kerb: Three months £3,140, 30. Afternoon: Three months £3,130, 35, 40.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed £1.1645 an ounce lower for spot delivery in the London bullion market yesterday at £7.606. U.S. equivalents of the fixing levels were: spot $16.6, down $2.41; three-month $17.4, down $2.44; six-month $18.255, down $2.352; and 12-month 18.879, down $2.358. The metal opened at £8-£8.95 ($17½-$19½) and closed at £7.75-£8.20 ($17-$18).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	*760.60p*	*−118*	*795p*	*−60*
3 months	794.45p	−117	832.5p	−92.5
6 months	831.85p	−118	—	......
12months	861.85p	−118	—	......

LME—Turnover 221 (133) lots of 10,000 ozs. Morning: Cash 780, three months 820, 30, 25, 20, 25, 30, 40, 50, 30, 35, 30, 25, 15, 20, 25. *Kerb: three* months 830, 38. Afternoon: three months 869, 65, 50, 40, 30. Kerb: three months 308, 35, 40, 20.

COCOA

After trading within a £20 range prices ended at the highs of the day. The market was more concerned with currency fluctuations then cocoa considerations and consumers and producers remained withdrawn, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1384-85	+5.50	1390-68
May	1418-20	+11.5	1420-1400
July	1433-34	+12.0	1436-14
Sep	1443-44	+6.50	1447-31
Dec	1480-81	+4.50	1485-70
March	1505-10	+6.00	—
May	1525-40	+7.50	1517-

Sales: 1,118 (1,863) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price March 17, 137.70 (138.28): Indicator price March 18, 15-day average 140.99 (141.26), 22-day average 142.28 (142.97).

COFFEE

A disappointing opening in Robustas saw values £5-£9 lower following initial commission house selling. Trade buying around these levels absorbed early pressure to inspire a spirited recovery, reports Drexel Burnham Lambert. There was very little activity during the afternoon session as the market awaited the New York opening. However, towards the close further trade buying prompted a £10-£20 rally but late profit-taking saw values ease again.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1615-16	−8.0	1623-15
May	1645-47	−1.5	1650-38
July	1665-66	−1.0	1675-57
Sept	1691-93	+4.5	1705-78
Nov	1688-92	+1.5	1710-84
January	1680-00	+12.5	1680
March	1648-85	+14.0	1648

Sales: 3,347 (2,935) lots of 5 tonnes.

ICS indicator prices for March 17 (cents per pound): Other Mild Arabicas 185.00 (184.50); Robustas ICA 1976 *169.00 (170.00); ICA 1968* 169.25 (170.25); Unwashed Arabicas 205.00 (same); Comp. daily ICA 1968 189.92.

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged to 15p up and edged higher during a quiet morn*ing session. After lunch prices tended* to retreat again under some hedge selling in the new crops. The market closed 10p up to 15p down, reports Acli.

WHEAT Mnth	Yest'rdays close	+ or —	BARLEY Yest'rday close	+ or —
Mar.	93.95	+0.25	92.55	....
May	96.20	......	94.85	+0.05
Sept	93.70	......	91.55	−0.10
Nov	97.70	+0.05	95.65	−0.10
Jan	101.70	....	99.60	−0.15

Business done—Wheat: Mar. 94.15-94.00, May 96.60-96.00, Sept. 94.00-93.90, Nov. 98.00-97.65, Jan. 101.90-*101.60. Sales 150 lots of 100 tonnes.* Barley: Mar. 92.90-92.50, May 95.25-94.75, Sept. 91.90-91.50, Nov. 95.70-95.65, Jan. 99.75-99.60. Sales 133 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent. April 96.55, May 96.50, June 96.45, July/Aug. 96 90, Sept. 98.30 trans ship*ment East Coast. English Feed* f.o.b. March unquoted, April 99.50 East Coast sellers, Maize: U.S./French March 116, April 117 trans shipment East Coast. South African yellow April 75.50. Barley: English Feed f.o.b. March and April 99.00 East Coast sellers, March 98.75, April 98.75, June 100.25, *paid East Coast.* Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 92.30, S. West 94.50, W. Midlands 92.50, N. West 93.50.

RUBBER

The London physical market opened *steadier, with little interest throughout* the day, closing on an easier note. Lewis and Peat reported a Malaysian godown price of 324 (319) cents a kg (buyer, April).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Apr.	68.00-68.10	69.10-69.25	68.75
May	68.60-68.70	70.00-70.50	68.80-68.7
Apr.-Jne	68.50-68.80	70.00-70.50	70.05-68.85
Jly.-Sept	72.50-72.60	73.90-74.00	74.25-72.55
Oct-Dec	76.30-76.35	77.90-77.85	78.20-76.30
Jan-Mar	78.20-79.60	80.85-80.95	80.75-78.55
Apr-Jne	82.00-82.05	83.80-83.90	83.75-82.05
Jly.-Sept	85.00-85.05	86.75-86.90	86.20-85.00
Oct-Dec	87.70-87.80	89.60-89.90	89.30-87.90

Sales 841 at 15 tonnes, 13 (45) at 5 tonnes.

Physical closing prices (buyer) were: Spot 66.50p (68.00p): April 70.00p (same); May 71.50p (same).

SOYABEAN MEAL

The London market opened on a steady tone and made gains of up to £1.00 before fresh trade selling put pressure on, reports T. G. Roddick. However, renewed support late in the day from trade houses kept prices steady to close with small gains.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
April	110.60-10.7	+0.60	111.00-10.70
June	110.50-10.5	+0.15	110.40-10.10
August	112.20-12.4	+0.05	112.90-12.00
October	110.30-10.4	+0.40	110.50-09.50
December	113.60-13.7	+0.35	113.50
February	116.10-16.8	+0.10	—
April	117.50-19.5	−0.85	—

Sales: 104 (70) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £190.00 (£200.00) a tonne cif for March-April-May shipment. White sugar daily price was £206.00 (£215.00).

The market first traded some £2 below kerb levels but the lows were short-lived and prices quickly gained as buyers pressed in thin trading conditions. Later further gains were recorded following rumours that China had purchased 250,000 tons but the market fell back again at the close, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	200.00	180.00-85.00	189.60
May	214.00-14.25	203.25-03.50	215.00-198.0
Aug	225.75-24.00	212.50-12.75	224.00-07.00
Oct	230.00-31.00	219.00-20.00	232.00-16.00

Sales: 8,981 (7,702) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 217.00, 217.50; Aug. 224 00, 227.00; Oct. 231.00, 232.00; Jan. 233.00, 239.00; March 245.00, 246.50; May 244.00, 247.00. Sales 906 (836).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £271.50 (£282.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for March 17: Daily price 17.73 (17.95): 15-day average 20.83 (21.06).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 398, 400, 404, 1; Aug. 410, 412, 415, 2; Oct. 410, 415, 418-415, 3; Dec. 408, 412, 410, 2; Jan. 410, 412, 418, 1; March 420, 428, nil, nil; May 420, 427, nil, nil; Aug. 420, 427, nil, nil. Sales 9.

MS—45—

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. March 486.0, 480.0, 488.0-484.0, 48; May 492.0, 493.0, 495.0-484.0, 194; July 507.0, 508.0, 510.0-495.0, 601; Oct. 506.0, 507.0, 507.5-500.0, 145; Dec. 507.0, 509.0, 507.5-499.0, 194; March 508.0, 508.0, 509.5-502.0, 62; May 508.0, 510.0, 510.0-503.5, 38; July 511.0, 511.0, 511.0-509.0, 11. Sales: 1,293.

MEAT/VEGETABLES

SMITHFIELD—pence per pound. Beef: Scotch killed sides 65.0 to 69.0; Eire hindquarters 79.0 to 81.0, forequarters 48.0 to 50.0. Lamb: English small 54.0 *to 74.0, medium* 64.0 to 70.0, heavy 60.0 to 66.0; Imported frozen NZ pl 53.0 to 54.0, pm 51.0 to 52.0. Pork: English, under 100 lbs 38.0 to 49.0, 100-120 lbs 38.0 to 47.0, 120-160 lbs 37.0 to 45.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce. Oranges—Spania: Navels *4.00-4.80; Jaffa:* Shamouti 50/189's 4.20-5.45; Moroccan: 64/113's 4.00-4.50; Cyprus: Valencia Lates 3.60-4.20. Ortaniques—Jamaican: 54/126's 6.50-7.25. Mandarins—Spania: 5.00-5.50. Lemons—Italian: 100/150's 4.40-4.50; Cyprus: 15 kg 84/120's 3.40-4.30; Californian: 99/165's 4.80-6.00; South African: 80/120's 6.20-5.80. Grapefruit—Cyprus: 20 kg 3.20-4.40; Jaffa: Large boxes 32/88's 4.00-4.80; Florida: Pink flesh 36/48's 6.40-6.60. Apples—French: Golden Delicious, boxes 40 lb 138/175's 5.00-6.00, 20 lb 2.50-3.20, Starkcrimson, approximately 20 lb 72's 3.00, 40 lb 5.80-6.80; Italian: Granny Smith 20 lb, per pound 0.17, Jonathan 0.09½, Starking 0.10-0.14, Romes 0.10; Chilean: Granny Smith, large boxes 125's 9.00. Pears—South African: Approximately 34 lb Williams Bon Chretien 7.00, Bourre Hardy 6.70. Grapes—South African: Alphonse Lavallee 7.40, Waltham Cross 6.00. Plums—South African per pound Sungold 0.50-0.55. Avocados—Israeli: 4.60-5.00. Melons—Chilean: White 8.00, Green 9.00-9.50; Colombian: Green 10 kg 5.50. Pineapples—Ivory Coast: Each 12's 0.50-0.80, 6's 1.00-1.10; South African: 6/0's 2.70-3.40. Bananas—Jamaican: 26 lb 0.16. Tomatoes—Canary: 5.00-6.00. Onions—Spanish: 4.50-5.80; Canadian: 50 lb 4.30; Chilean: Cases 72/100's 50 lb 5.50-5.70. Lettuce—Dutch: 24's 1.80. Cucumbers—Canary: 14/18's 1.60-2.40; Dutch: 3.50. Celery—Israeli: 20/28's 3.30-3.60; Spanish: 18/36's 3.00-3.50. Cauliflowers—French: 24's 4.80-5.20; Jersey: 4.80. Chicory—Belgian: 5 lb 1.50. *Potatoes—Italian: Boxes 20 lb 2.40;* Egyptian: King Edward 5.60-5.70; Canary: 7.00; Cyprus: 28 lb, per pound 0.18. Dates—Tunisian: 30's per box 0.32-0.40.

English Produce—Potatoes—Per bag 2.40-2.80. Mushrooms—Per pound 0.60-0.65. Apples—Per pound Bramley 0.09-0.16, Cox's Orange Pippin 0.12-0.20, Russets 0.11-0.12. Pears—Per pound Conference 0.07-0.14, Comice 0.16-0.22. Swedes—Per 25/28 lb 0.70-0.80.

★

GRIMSBY FISH—Supply fair, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-£4.40, codlings £2.20-£3.60; Large haddock £3.30-£4.00, medium £3.30-£3.50, small £1.80-£2.50; Large plaice £3.00, medium £3.00, best small £3.00-3.20; Skinned dogfish large £13.00, medium £12.00; Lemon soles large £10.00, medium £9.00; Reds £1.70-£2.20; Saithe £2.00-£2.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar.18 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	*$1860/1880*	+20	*$2180/22*
Copper			
Cash w'bar	£1,003.5	+5.5	£1,270
3 mths	£1,016	+7	£1,287.5
Cash Cathode	£959.5	−1	£1,319.5
3 mths	£986.5	+4	£1,256.5
Gold troy oz	$481	+2	$648.5
Lead cash	£483	+1	£498.5
3 mths	£459.875	+4.875	£491.5
Nickel	£3,335	....	£3,195.78
Freemkt(cif lb)	295/310c	−5	305/350c
Platin'm'ry oz	£189.0	....	£189
Free mkt	£277.90	−15	£384.95
Quicksil'ver	$395/405	....	$400-410
Silver troy oz	760.60p	−116.4	1551.45
3 months	794.45p	−117.6	1581.5
Tin Cash	£7,720	−45	£7,465
3 mths	£7,771	−24	£7527.5
Tungsten22.04lb	*$138.76*	....	*$138.72*
Wolfrm 22.04 lb	$146/151	+1	$139/144
Zinc cash	£320.5	−1.5	£380
3 months	£326.25	−2.25	£390
Producers	$885	....	$825
Oils			
Coconut (Phil.)	$770w	....	$840
Groundnut	:		:
Linseed Crude	£459	....	£446
Palm Malayan	$630v	....	$670
Seeds			
Copra Philip	$510x	....	$560
Soyabean(U.S.)	$257.40s	−3.45	$291.20
Grains			
Barley Futures	£94.85	+0.05	£99.10
Maize			
French No3AM	£116	....	£116.25
Wheat			
No. 1 Red Spg.	:		:
No2HardWint.	:		£93.25
Eng. Milling t.	:		:
Other commodities			
Cocoa ship't	£1,455	+7	£1,465
Future May	£1,419	+11.5	£1,428
CoffeeF't'rMay	£1,646	−1.5	£1,633
Cotton A.Index	91.25c	+1.05	96.65c
Rubber (kilo)	66.50p	−1.5	79p
Sugar (Raw)	£190	−10	£235
Wooltp's 64s kl	308p kilo	....	295p kilo

s June. v May. t March-April. u April. w April/May. x July. z Indicator. § Buyer. † Per 76 lb flask.

CORAL INDEX: Close 429-434 (−2)

LEGAL NOTICES

IN THE MATTER OF SECRET INGREDIENT LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, *which is being voluntarily wound up,* are required, on or before the 23rd day of April, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Keith David Goodman, FCA, of 3/4 Bentinck Street, London W1A 3BA; the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be *excluded from the benefit of any distri*bution made before such debts are proved.

Dated this 12th day of March 1980.
K. D. GOODMAN, Liquidator.

IN THE MATTER OF A. MANSON LIMITED AND IN THE MATTER OF *THE COMPANIES ACT 1948*

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 22nd day of April, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Keith David Goodman, FCA, of Leonard Curtis & Co., 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such *debts are proved.*

Dated this 11th day of March 1980.
K. D. GOODMAN, Liquidator.

IN THE MATTER OF WELLSON FREIGHT (EUROPE) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, *which is being voluntarily wound up,* are required, on or before the 24th day of April, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Keith David Goodman, FCA, of Messrs Leonard Curtis *& Co., 3/4 Bentinck Street, London* W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be *specified in such notice,* or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of March 1980.
K. D. GOODMAN, Liquidator.

ESSTEE SEPARATES (SALES) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Thursday the 27th day of March 1980 at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.

Dated this 11th day of March 1980.
AMEER TEMOUR, Director.

NATALL & COMPANY LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a *Meeting* of the creditors of the above-named Company will be held at the *offices* of Leonard Curtis & Co., situated at 3/4 Bentinck Street, *London* W1A 3BA, on Friday the 28th day of March 1980 at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.

Dated this 11th day of March 1980.
NAHTAN BEST, Director.

AMERICAN MARKETS

NEW YORK, March 17.

GOLD FUTURES were limit down on the strong dollar. Copper also registered limit losses on concern that continued credit tightening combined with other controls could lead to a deep recession. Commission houses and locals were light sellers of coffee. Cocoa was lower in quiet trading. Erratic trading characterised cotton today. Cattle and hogs were lower on continued slow demand for meat and record high prime rates while pork bellies traded higher on local buying. The grain complex was lower on the prospects of higher interest rates encouraging producer selling, reported Heinold.

Cocoa—March 130.75 (132.50), May 133.00 (134.75), July 133.10, Sept. 134.30, Dec 3000, March 3040, May —, July —. Sales: 546

Coffee—"C" Contract: March 181.90-182.00 (181.00), May 183.00-188.95 (190.55), July 192.00-192.25, Sept. 196.75-197.50, Dec. 189.00-189.25, March 179.00, May 177.10-178.00, July 179.00. Sales: 4,200

Copper—March 91.20-91.80 (96.70), April 92.20 (97.20), May 93.80, July 97.00, Sept. 99.50, Dec. 102.50-102.70, Jan. 103.40, March 105.60-105.70, May 107.60, July 109.60, Sept. 111.60, Dec. 114.60, Jan. 115.60. Sales: 12,000.

Cotton—No. 2: May 81.62 (79.62), July 80.60-80.60 (78.90), Oct. 76.00-76.40, Dec. 73.60-74.00, March 73.90-74.50, May 74.75-75.50, July 75.50-76.00, Sept. —. Sales 15,050.

*Gold—March 466.0-471.0 (526.0), *April 480.0 (530.0), May 488.5, June* 496.5, Aug. 515.0, Oct. 533.5, Dec 552.0, Feb. 570.5, April 589.0, June 607.5, Aug. 626.0, Oct. 644.5, Dec. 663.0. Sales 25,000.

Orange Juice—March 97.25 (98.00), May 97.25-97.30 (97.95), July 98.25-98.30, Sept 100.10-100.30, Nov. 101.80-102.00, Jan. 104.00-104.40, March 104.80-105.00, May 105.60-106.00. Sales 650

*Platinum — March 585.0-590.00 (690.0), April 720.1 (760.1), May unquoted, July 751.5, Oct. 793.5, Jan 828.5, April 869.5 May unquoted. Sales: 1,531.

Potatoes (round whites)—April 46.2 (46.0), May 53.6 (56.4), Nov. 74.4-74.7 Sales: 487

¶Silver—March 1700.0-1780.0 (2100.0), April 2362.0 (2362.0), May 2905.0, July 2973.0, Sept 3047.0, Dec. 3127.0, Jan. 3154.0, March 3238.0, May 3262.0, July 3316.0, Sept. 3370.0, Dec. 3440.0, Jan. 3464.0. Sales: 10,000. Handy and Harman 1800.00 (2440.00)

Sugar—No. 11: May 17.90-18.25 (18.94), July 19.57 (20.57), Sept. 20.60, Oct. 21.00, Jan. 21.55, March 22.08, May 22.00, July 22.15 Sales: 20,775.

Tin—805.00-815.00 asked (815.00-830.00).

CHICAGO, March 17.

Lard—Chicago loose 19.00 (19.50). New York prime steam unavailable.

Live Cattle—April 67.45-67.70 (68.55), June 69.30-69.20 (70.55), Aug. 69.00-68.90, Oct. 67.75-67.55, Dec 69.00-68.70, Jan 69.25, Feb. 69.70-69.50

Live Hogs—April 35.65-35.55 (36.20), June 40.30-40.40 (40.80), July 41.60-41.50, Aug. 41.10, Oct 40.60, Dec. 43.72, Feb. 45.70, April 45.05, June 40.75.

Maize—March 262¼-262 (263¼), May 272¼-271½ (273¼), July 285-284½, Sept. 295¼-295½, Dec 303¼-303¾, March 316½.

Pork Bellies—March 42.75 (42.17), May 43.70-44.00 (43.45), July 45.15-45.25, Aug. 44.25-44.00, Feb. 54.25, March 53.50, May 54.50, July —, Aug —.

Silver—March 2070.0 (2070.0), April 1751.0-1750.0 (2125.0), June 2855.0, Aug. 2355.0, Oct. 3915.0, Dec. 3020.0, Feb. 3090.0, April 3155.0, June 3210.0, Aug. 3270.0, Oct. 3350.0, Dec. 3390.0, Feb. 3450.0 *April 3510.0, June 3570.0,* Aug. 3630.0.

†Soyabeans—March 613-613½ (618), May 635½-632½ (628½), July 647½-655, Aug. 669½, Sept. 676, Nov. 692-692½, Jan 710½, March 729½.

‖Soyabean Meal — March 167.00 (168.70), May 173.40-172.60 (175.10), July 180.50-180.70, Aug. 183.50, Sept. 186.50-186.70 *Oct. 189.30, Dec. 194.00,* Jan 196.00, March 201.00, May 204.00-204.30

Soyabean Oil — March 22.10-22.15 (22.02) May 22.40-22.45 (22.53), July 23.02-23.00, Aug. 23.20, Sept 23.55, Oct. 23.85, Dec 24.30-24.25, Jan. 24.45, March 24.65, May 24.95-25.00.

†Wheat—March 419-419½ (426), May 428-427¾ (435¼) July 423-422, Sept. 440½, Dec 463-462½, March 476.

WINNIPEG, March 17. §Barley—March 111.50 (111.50), May 114.70 (114.70), July 117.80, Oct. 114.50. Dec. 114.90

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 218.90 (220.90).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs) § $Can. per metric ton. §§ $ per 1,000 sq. feet ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, March 18.

Wheat—U.S. No Two Red Winter May $192, June $190, July $180 Aug $158. U.S. No Two Northern Spring 14 per cent March $195, April $193 May $192, June $194, July $194, Aug. $195 Sept. 199, Oct $203, Nov. $205, Dec. $211. Rest unquoted.

Maize—U.S. No Three Corn Yellow March $132, April $133, May $134.75, June $138, July-Sept $142.50, Oct-Dec $147, Jan.-March $154.

Soyabeans—U.S. No Two Yellow Gulfports afloat $252.50 March $250.50, April $251.50, May $262.75, June $269, July $272, Aug $276.75, Sept $279.25, Oct 282, Nov $281.75, Dec. $288.75, Jan $292.75, Feb. $299.25, March $301.75 sellers.

Soyameal—44 per cent protein U.S. afl $224, March $224, April $225, May $224, April/Sept. $229, Nov./March $248.50. Brazil Pellets afl $239, March $232, April $230, May $229, June-July $226, April/Sept. 234.50, Nov./March $256.

PARIS, March 18.

Cocoa (FFr per 100 kilos). March 1294, May 1332/1340, July 1345, Sept. 1350/1370, Dec 1370/1385, March 1395/1400. Sales at call 0.

Sugar (FFr per 100 kilos) May 2040/2045 July 2060/2090, Aug. 2120/2130, Oct 2150/2180 Nov 2150, Dec 2250/2270, March 2280/2220, May 2320/2350 Sales at call 5

INDICES

FINANCIAL TIMES

Mar. 17	Mar. 14	M'nth ago	Year ago
292.80	292.20	308.70	269.86

(Base: July 1, 1952=100)

MOODY'S

Mar. 17	Mar. 14	M'nth ago	Year ago
1180.7	1244.4	1447.5	1064.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar 17	Mar. 14	Month ago	Year ago
Spot	409.25	410.44	459.71	380.98
F'tur's	428.97	430.77	468.04	385.02

(Average 1924-25-26=100)

REUTERS

Mar. 18	Mar. 17	M'nth ago	Year ago
1720.5	1731.2	1799.6	1559.2

(Base: September 18, 1931=100)

★

LIVERPOOL—Spot and shipment sales amounted to 142 tonnes, bringing the total for the week so far to 182 tonnes. Slightly freer demand was experienced but orders were still infrequent. Small support was evident in various American type qualities.

★

JUTE—March-April c and f Dundee: BWC £220, BWD £189, BTB £269, BTC £233, BTD £204. Antwerp March-April BWC $490, BWD $420, BTB $599, BTC $520, BTD $458. Jute goods March c and f Dundee: 40-inch 10-oz £15.77, 40-inch 7.5-oz £12.23. B Twills £34.08.

Falls become more widespread as uncertainty persists but equity leaders close above worst—Golds steadier

Account Dealing Dates

Options

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 10	Mar. 20	Mar. 21	Mar. 31
Mar. 24	Apr. 10	Apr. 11	Apr. 21
Apr. 14	Apr. 24	Apr. 25	May 6

* "New time" dealings may take place from 9 a.m. two business days earlier.

The sharp overnight reaction on Wall Street following President Carter's fiscal and credit control package was mainly responsible for a further setback in London stock markets yesterday. Potential investment support was again suppressed by uncertainty ahead of next Wednesday's Budget with Oil shares remaining a particularly unsettled market on continuing fears that the Chancellor may introduce either a windfall profits tax or an increase in petroleum revenue tax.

Also undermining sentiment was persisting concern about *possible repercussions from the* recent speculative shake-out in both the Oil and Australian exploration sectors. Once again, part of yesterday's selling was *thought to represent the need* to raise funds in order to cover the losses sustained in these two sectors.

The offerings caused leading shares to move lower still until a technical rally in Oils encouraged revived institutional inquiries for selected good quality industrials. This left final quotations several pence above the worst. The FT 30-share index touched its lowest of the day at noon with a loss of 6.5 before closing only a net 1.5 lower at 431.7. In contrast to the previous day, selling of second-line equities was more evident and falls were fairly widespread throughout the sectors.

South African Gold shares had a calmer day on the back of the bullion price recovery. Relatively small early losses were often reduced, and sometimes regained, following revived U.S. demand but the FT Gold Mines index still closed 5.8 lower at 265.5.

The three Variable coupon British Funds attracted an aggressive investment demand on the possibility that tomor*row's Green Paper could con*tain proposals to change the way Treasury Bill rate is determined. Variable 1983 rose 1 1/16 to 92¾, while the 1982 stock gained 13/32 *to 95½ and the 1981 issue* ⅛ to 97¼.

Most shorts recouped early losses in the wake of this strength to close around ¼ harder on balance; eventually the longer end of the market *improved by the same fraction.* Late news of U.S. Prime rate increases to 19 per cent failed to make any impression on Gilt-edged securities in trade after the official close.

Traded options attracted a slightly larger business than recently and a total of 597 con*tracts were completed; this com*pared with the previous day's 369 and last week's daily average of 531. The most active trades were **Consolidated Gold Fields**, 162, and **BP**, 123.

Union Discount down

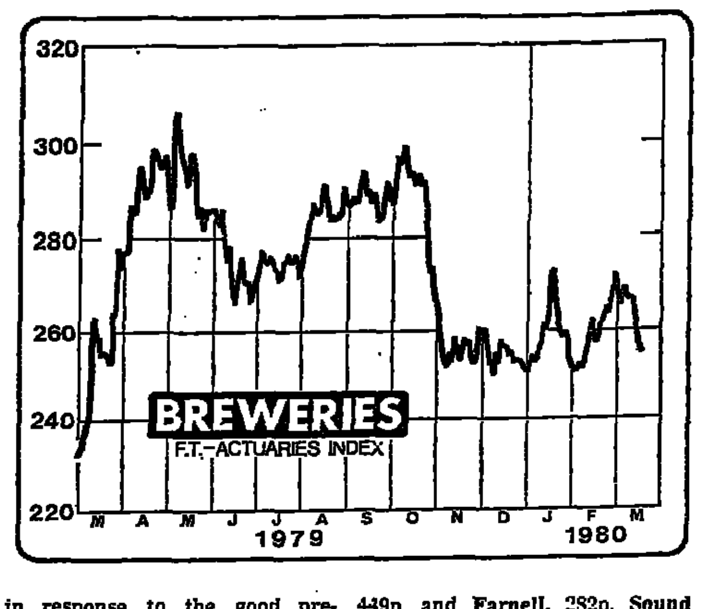
Easier conditions persisted in the *banking sector. Discounts* were dull with **Union** particularly vulnerable at 362p, down 13, in front of today's annual meeting. **Gerrard and National** dipped 6 to 198p and **Alexanders** 5 to 190p. Merchant Banks remained friendless with **Hambros** falling 8 to 305p and **Guinness Peat** 5 to 112p. The absence of further news of the Hongkong and Shanghai bid approach prompted a fresh reaction of 2 to 78p in **Antony Gibbs**. **Midland** shed 6 to 316p among home banks, but **Lloyds** displayed resilience and finished 3 dearer at 280p. **Barclays**, the last of the major clearers to announce 1979 results, closed unaltered at 412p, after 410p, awaiting tomorrow's figures. Details of the interim profits setback clipped a penny from **London Scottish Finance** at 38p.

Insurances lacked a decided trend. **Trade Indemnity** closed 2 better at 185p in response to the results, but **C. T. Bowring** cheapened 3 to 127p with sentiment still affected by prevailing fears that Marsh and McLennan's bid may be referred to the Monopolies Commission.

The generally firmer trend noted towards yesterday's close failed to redeem the Brewery sector from an early markdown and the leaders ended *with modest falls. Allied fell 1½* to 68½p, while **Scottish and Newcastle** eased the turn to 54p. Among regional counters, **Boddingtons** firmed 2 to 114p ahead *of tomorrow's annual results,* but **Tomatin Distillers** disappointed with reduced annual profits and fell 8 to 185p.

Timber shares provided the main focal point in an otherwise subdued Building sector. **Montague L. Meyer** reacted to 103p before recovering to 109p for a net fall of 3, while **International Timber** shed 5 to 111p and **Magnet and Southerns** cheapened 7 to 163p. **Mallinson-Denny** eased 1½ to 58½p and **Travis and Arnold** 3 to 247p. Elsewhere, **Fairclough Construction** gave up 2 at 66p despite the increased annual profits and dividend, while **SGB** fell 13 to 250p awaiting news of the annual meeting. Small selling clipped 8 from **Brown and Jackson** at 155p and 5 from **Tilbury Contracting** at 175p. Among housebuilders, **Comben** added a penny to 31p in response to the good pre*liminary results, but* **Bellway** encountered selling and shed 2 to 70p. Scattered offerings left **Heywood Williams** 4 cheaper at 75p and **G. H. Downing** a similar *amount off at 122p, the latter* following the interim dividend announcement.

ICI slipped to 356p before rallying to close a net 2 higher at 364p. **Fisons** settled 3 cheaper on balance at 274p, after 270p.



Maple up on bid

Secondary issues attracted the attention in Stores. **Maple** were marked up 3 to 30½p to match the terms of **Waring and Gillow's** quickly rejected offer, *while the latter closed 9 down* at 109p on disappointment with the first-half results. Still reflecting fears that it could be the company currently involved *in merger negotiations with the* suspended Status Discount, **MFI Furniture** fell 3 further to 77p. **J. Hepworth** declined a like amount to 65p with sentiment still soured by last week's announcement that the group is bidding 87½p per share for W. and E. Turner. **Bakers' Household** ended 3 down at 105p; the price in yesterday's issue was incorrect. Against a dull trend in the leaders, **UDS** edged forward 2 to 68p. Among Shoes, **Strong and Fisher** eased 2 to 68p following the interim profits setback.

Electrical issues succumbed to further bouts of selling and recorded double-figure losses. **Unitech**, 260p, and **Ferranti**, 470p, gave up 13 and 15 respectively, while *falls of around 8* were recorded in **Automated Security**, 240p, **United Scientific**, 449p, and **Farnell**, 282p. **Sound** *Diffusion fell 5 to 59p, while* **Louis Newmark** receded a similar amount for a two-day loss of 10 at 310p. The leaders also encountered scattered selling *although late support left most* off the bottom. **Plessey** closed 3 cheaper at 135p and **BICC** 5 lower at 109p. **Racal** on the other hand rallied from initial dull*ness to end 3 up on balance at* 207p.

With the prolonged steel strike still weighing heavily on sentiment, secondary engineerings gave ground throughout the list. Although a first-half loss for **Stothert and Pitt** had already been expected, the near £1m deficit and omission of the interim dividend still shocked the market to prompt a 14 fall in the share price to 92p, after 85p. **ML**, 230p, and **B. Elliott**, 254p, both thin markets, fell 15 and 6 respectively, while **Adwest** gave up 8 to 165p as did **Simon** to 228p. The leaders lacked a decided trend with **Tubes** closing 4 down at 272p, after 270p, awaiting today's preliminary results.

Brooke Bond closed unaltered at 51p despite the sharply increased half-yearly profits. Other leading Foods encountered a fairly lively two-way business. **J. Sainsbury** eased 5 to 298p, but **Associated Dairies** improved 4 to 176p. **United Biscuits** were quoted at 70p ex the rights issue, down 1½, with the new nil paid shares at 1½p premium. Confectionery issues remained depressed with **Needlers** 2 cheaper at 41p, after 40p.

Sothebys lower

Secondary issues bore the brunt of the selling in miscellaneous industrials. Ahead of *the expected policy statement to* be made by transport minister Norman Fowler, **Channel Tunnel** again displayed extreme volatility; up 90 the previous day, the *shares fell away steadily yester*day to touch 160p before rallying to finish 20 down on balance at 200p. Persistent offerings and lack of support saw **Sotheby's** *decline 23 to 425p, while* **John Baker** gave up 18 to 145p and **Cawoods** lost 10 to 150p; the last-named on consideration of its North Sea-oil interests. **Crosby House** dipped 12 to 203p and **Hunting Associated** fell 15 to 300p. Following a Press assessment of the results, **BTR** ran back 9 to 320p, while *McLeerie L'Amie cheapened a* penny to 11p in reaction to the annual deficit. **Friedland Doggart** gave up 8 to 90p. By way of contrast, **De La Rue** *edged forward 3 to 605p on the* reported denial of any future fund-raising intentions. The leaders gave fresh ground but tended to close above the day's *lowest.* **Boots** *ended 3 off at* 181p as did **Unilever** at 422p. **Turner and Newall** eased a penny more to 104p.

Travel concerns had an easier appearance with **Saga** 4 cheaper at 188p and **Horizon** 5 off at 257p, the latter's annual results are due today. Still reflecting News International's disposal of its 25 *per cent stake in the company,* **LWT A** shed 4 more to 115p.

Automotive Products provided an outstanding firm feature among Motor Components, rising *6 to 63p in response to news that* the company has developed a cheap automatic transmission system. Other Components remained dull with **Dowty** fall*ing 5 to 166p.* *Kwik-Fit eased 4* to 63p, while **Armstrong Equipment**, interim results today, lost a penny to 47p. **Rolls-Royce** fell 3 more to 54p, while in Distributors. *Caffyns encountered* further profit-taking and shed 5 to 168p.

News that Occidental Petroleum is to cut back production *in the North Sea upset Inter*national Thomson, which has a sizeable stake in the Piper Field, and the shares closed 40 lower at 390p. Newspapers turned *easier and News International* fell 5 to 148p. Elsewhere, **Watmoughs** lost 17 to 126p in consideration of the rights issue which accompanied the annual profits. **Inveresk**, *on the other* hand, added a couple of pence at 36p after the preliminary results.

Dull initially, selected Properties rallied as the session wore on. **MEPC** reverted to the overnight level of 188p from 183p, but **Land Securities** settled 2 cheaper on balance at 285p, after 281p. **Haslemere Estates** touched 292p before picking up to 298p for a net gain of 2, while **Stock Conversion** eventually *halved an early loss of 8, at 356p.*

Siebens weaken afresh

Oil shares again came under early pressure on persisting fears of increased taxation—either through an excess profits tax or heavier petroleum revenue tax, *but leading issues finished* well above the worst as buyers appeared at the lower levels. **BP** dipped to 336p before rallying to the overnight level of 348p, while *Shell* finished only 2 cheaper on balance at 354p, after 348p. Secondary issues, however, remained vulnerable with **Siebens UK** weakening a *further 55 for a two-day fall of* 110 to 470p, after 440p, **Gas and Oil Acreage** shed 45 to 330p and **Cambridge** dipped 20 to 210p. **Burmah** ended 4 lower at 190p, *after 182p, but* **Tricentrol** reverted to the overnight level of 264p from 250p.

The abandonment of the proposed deal between Gulf Fisheries and Mr. Graham Ferguson Lacey affected sentiment in **Lonrho**, which slipped 4 to 86p.

Trusts reflected the easier equity trend and closed with falls extending to 7. **Rothschild** shed that much to 293p, while **Atlantic Assets** gave up a similar amount at 150p; the latter on reflection of North Sea oil interests. Among Financials, **Centreway Trust** ran into light selling and ended 11 lower at 142p, while **Smith Bros.** eased 3 to 27p.

In otherwise easier Shippings, **James Fisher** draw fresh strength from Monday's results *and capital proposals to close 9* up at 321p.

Late rally in Golds

South African Golds lost ground for the fourth consecutive trading day but closed well above the day's lowest levels as a recovery in the bullion price—finally $2 up on balance at $481 an ounce after touching $474 during the morning—encouraged a strong rally in share prices.

The initial weakness of bullion led to a sharp mark-down in Gold shares at the outset. But the absence of any significant fresh selling and the reappearance of modest local and overseas support, later followed by U.S. bear-covering and renewed buying, led to a sharp rally after-hours.

One or two issues remained *weak, however.* **Western Holdings** fell £2 more to £23¼, while **Hartebeest** gave up a further point at £21½. On the other hand **Free State Geduld** rallied from £21 to close a net ⅜ lower at £21⅝. **West Driefontein** finished ⅜ off at £26⅝, having been £25⅞, and **Kloof** recovered from £10¼ to close a half-point easier at £10¾.

The Gold Mines index relinquished 5.8 more to 265.5, a loss of 45.3 over the last four trading days, its lowest level since December 27.

Financials reflected the move*ments in Golds. Among South* Africans, losses of 15 were common to **Anglo American Corporation**, 485p, and **UC Investments**, 460p, while **General Mining** gave up 20 more at 720p and **Middle Wits** 10 at 360p.

London Financials met with small selling during the morning but tended to recover a shade in *the afternoon.* **Rio Tinto-Zinc** finished 4 cheaper at 340p, **Selection Trust** a like amount off at 660p.

Platinums remained under *pressure with* **Rustenburg** a further 9 down at 188p and **Impala** 8 lower at 250p. Australians were featured by **Leichardt Exploration** which rallied strongly to close 50 higher at 265p.

FINANCIAL TIMES STOCK INDICES

—	Mar. 18	Mar. 17	Mar. 14	Mar. 13	Mar. 12	Mar. 11	A year ago
Government Secs.	64.16	64.15	64.22	64.10	64.08	64.18	72.56
Fixed Interest	64.73	64.75	64.80	64.82	64.82	64.76	72.92
Industrial	431.7	433.2	439.9	447.0	444.9	455.6	608.8
Gold Mines	265.5	271.3	286.5	299.5	310.8	298.6	167.8
Ord. Div. Yield	7.93	7.92	7.79	7.65	7.68	7.42	5.60
Earnings, Yld. % (full)	20.43	20.39	20.07	18.62	18.80	18.42	14.89
P/E Ratio (net) (*)	5.94	5.96	6.05	6.56	6.50	6.63	8.56
Total bargains	22,361	18,722	17,420	18,460	19,041	20,284	—
Equity turnover £m	—	79.35	95.00	87.49	110.92	85.87	401.15
Equity bargains total	—	13,321	12,846	14,008	13,965	14,702	37,166

10 am 431.1. 11 am 429.3. Noon 428.7. 1 pm 428.9. 2 pm 428.1. 3 pm 428.5.

Latest Index 01-246 8026.

*Nil=5.72.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	76.91 (4/5)	63.50 (10/12)	127.4 (9/1/35)	49 18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (16/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2/80)	129.9 (17/4)	442.3 (22/5/57)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 18	Mar. 17
—Daily		
Gilt Edged	185.8	118.9
Industrials	181.8	107.1
Speculative	65.9	50.5
Totals	95.2	77.2
5-d'y Av'r'ge		
Gilt Edged	119.2	116.8
Industrials	114.8	112.9
Speculative	57.1	58.2
Totals	81.2	79.7

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (2)

STORES (1)

Henriques A

SHIPPING (1)

Fisher (J.)

NEW LOWS (124)

LOANS (1)
AMERICANS (12)
BANKS (4)
BEERS (2)
BUILDINGS (3)
CHEMICALS (7)
DRAPERY AND STORES (6)
ELECTRICALS (3)
ENGINEERING (14)
FOODS (4)
HOTELS (1)
INDUSTRIALS (39)
INSURANCES (2)
LEISURE (4)
MOTORS (5)
NEWSPAPERS (2)
SHIPPING (1)
TEXTILES (5)
TRUSTS (7)
OVERSEAS TRADERS (1)
TEAS (1)

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	325	24	30	—	—	—	—	345p
BP	330	—	—	38	10	54	5	"
BP	350	10	22	—	—	—	—	"
BP	360	—	—	24	1	40	2	"
BP	390	—	—	15	16	26	2	"
BP	400	3	20	—	—	—	—	"
BP	440	1½	15	—	—	—	—	"
Cons. Gold	460	23	70	44	60	66	6	454p
Cons. Gold	500	7	17	26	—	46	—	"
Cons. Gold	550	2	—	18	—	24	9	"
Courtaulds	60	11½	—	13½	1	15	—	69p
Courtaulds	70	4	—	7½	20	9½	—	"
Courtaulds	80	1½	—	4	3	5	—	"
Grand Met.	160	½	—	3	45	—	—	122p
ICI	390	4½	1	20	—	31	—	362p
ICI	420	2½	—	13	10	21	10	"
Land Secs.	260	33	—	42	10	53	—	285p
Land Secs.	300	5½	5	17	—	30	—	"
Marks & Sp.	90	4	4	7½	—	12½	—	87p
Marks & Sp.	100	1½	10	5	5	8	—	"
Shell	300	56	5	—	—	—	—	354p
Shell	360	14	7	26	2	34	—	"
Shell	390	6	4	16	1	21	2	"
Shell	420	2	—	8	70	13	—	"
Totals			210		253		37	
		May		August		November		
Racal Elec.	180	29	—	37	4	—	—	204p
Racal Elec.	200	13	15	25	—	34	10	"
Racal Elec.	220	6	10	15	—	24	—	"
Racal Elec.	240	1½	39	9	3	—	—	"
RTZ	330	43	—	53	10	—	—	340p
RTZ	360	23	—	38	—	55	5	"
RTZ	420	6	1	16	—	24	—	"
Total			65		17		15	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	33	4	48
Corpns. Dom. and Foreign Bonds	4	4	58
Industrials	52	726	621
Financial and Prop.	9	353	141
Oils	1	33	11
Plantations	2	16	10
Mines	11	106	37
Others	7	94	26
Totals	124	1,333	952

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Mar. 18, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Mar. 17 Index No.	Fri., Mar. 14 Index No.	Thurs., Mar. 13 Index No.	Wed., Mar. 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	231.32	−1.1	18.91	6.79	6.66	233.94	237.55	240.42	241.14	255.61
2	Building Materials (28)	224.89	−1.5	17.64	6.96	7.24	228.39	231.37	234.27	235.82	237.72
3	Contracting, Construction (28)	357.04	−1.5	26.43	6.78	4.62	362.44	365.35	367.22	368.80	388.19
4	Electricals (15)	600.13	−0.6	13.45	4.16	9.90	604.01	611.60	620.77	617.46	604.21
5	Engineering Contractors (11)	268.22	−2.3	27.61	9.54	4.61	274.46	277.11	279.23	281.34	396.96
6	Mechanical Engineering (74)	157.20	−1.4	21.83	8.30	5.68	159.46	162.58	163.91	164.84	194.12
8	Metals and Metal Forming (16)	157.85	−0.5	21.78	9.81	5.47	158.63	162.75	165.76	167.67	170.62
	CONSUMER GOODS										
11	(DURABLE) (50)	209.29	−0.5	17.00	5.95	7.23	210.39	214.17	216.29	217.13	233.38
12	Lt. Electronics, Radio, TV (15)	297.00	−0.4	12.94	4.48	9.91	298.24	303.53	306.51	307.48	312.33
13	Household Goods (14)	103.55	−1.8	28.70	10.59	4.12	105.46	106.51	106.98	108.09	170.99
14	Motors and Distributors (21)	104.38	−0.5	25.54	8.96	4.60	104.94	107.08	108.29	108.77	123.12
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	211.14	−0.8	19.15	7.29	6.43	212.92	216.06	218.21	219.47	238.63
22	Breweries (14)	254.42	−0.9	17.38	6.90	6.76	256.83	260.76	261.18	264.46	252.41
23	Wines and Spirits (5)	288.12	−0.2	18.84	6.43	6.55	288.66	293.87	297.27	299.01	342.22
24	Entertainment, Catering (17)	286.22	−0.5	19.45	7.33	6.43	287.71	294.15	298.66	299.64	316.55
25	Food Manufacturing (19)	187.29	−1.2	21.73	8.11	5.68	189.61	193.17	194.93	196.30	220.26
26	Food Retailing (15)	292.36	−0.6	14.20	5.13	8.41	294.17	298.40	300.85	303.03	283.29
32	Newspapers, Publishing (13)	406.20	−1.1	24.84	7.46	5.49	410.92	418.39	420.77	427.15	425.19
33	Packaging and Paper (15)	125.11	−0.1	23.81	9.10	5.40	125.27	126.88	128.03	128.16	144.66
34	Stores (43)	212.97	−1.0	14.44	5.39	8.96	215.13	218.11	221.25	222.42	229.48
35	Textiles (24)	125.50	−0.7	28.29	12.27	4.45	126.35	127.23	128.40	128.27	182.77
36	Tobaccos (3)	196.28	−0.8	29.67	11.98	3.82	197.86	198.86	199.83	200.02	270.92
37	Toys and Games (5)	32.58	−0.4	46.15	15.57	2.67	32.73	33.61	34.15	34.50	92.70
41	OTHER GROUPS (97)	196.04	−0.8	17.77	7.40	6.75	197.62	199.98	202.94	202.66	216.02
42	Chemicals (17)	290.29	−0.2	21.38	8.26	5.36	290.76	291.84	296.36	292.43	301.33
43	Pharmaceutical Products (7)	202.60	+0.4	12.57	6.31	9.70	201.83	205.84	210.74	208.93	267.56
44	Office Equipment (6)	111.63	−1.2	19.04	7.32	6.06	112.97	114.58	114.55	116.52	144.43
45	Shipping (10)	450.11	−1.6	11.76	7.17	10.85	457.40	460.73	466.99	467.53	425.97
46	Miscellaneous (57)	228.13	−1.8	17.69	7.15	7.14	232.19	236.06	239.07	241.36	240.44
49	INDUSTRIAL GROUP (492)	219.19	−0.9	18.60	7.09	6.62	221.13	224.33	226.95	227.68	244.51
51	Oils (8)	727.95	−0.3	30.12	6.98	3.53	730.42	749.40	776.54	757.71	616.80
59	500 SHARE INDEX	259.41	−0.8	21.03	7.07	5.59	261.41	265.83	270.32	269.58	275.00
61	FINANCIAL GROUP (118)	187.12	−0.8	—	6.17	—	188.68	191.82	192.97	193.34	194.93
62	Banks (6)	205.07	−0.5	45.06	7.14	2.75	206.17	210.20	211.63	211.43	227.82
63	Discount Houses (10)	206.50	−2.5	—	9.67	—	211.69	213.23	212.19	212.19	240.78
64	Hire Purchase (5)	181.63	−0.2	18.08	5.47	7.18	182.03	186.48	185.20	185.55	176.60
65	Insurance (Life) (10)	166.67	−1.1	—	6.38	—	168.59	171.21	171.64	171.95	152.28
66	Insurance (Composite) (9)	121.68	−1.0	—	8.08	—	122.94	124.62	125.15	125.83	140.85
67	Insurance Brokers (10)	281.47	−0.6	17.60	6.96	8.07	283.10	284.68	283.67	283.06	337.19
68	Merchant Banks (14)	99.36	−1.8	—	6.20	—	101.17	101.68	102.19	102.57	93.16
69	Property (45)	355.21	−0.8	3.67	3.11	39.19	358.08	365.61	370.35	370.93	328.12
70	Miscellaneous (9)	125.70	−0.4	16.53	7.28	7.94	126.26	128.31	128.61	129.63	122.14
71	Investment Trusts (109)	205.11	−2.4	—	6.34	—	210.12	212.80	215.09	217.38	231.31
81	Mining Finance (4)	178.41	−0.9	12.92	4.96	9.40	179.95	188.49	192.05	198.05	128.97
91	Overseas Traders (19)	383.50	−1.4	13.18	7.02	9.30	388.84	396.16	395.67	397.19	367.75
99	ALL-SHARE INDEX (750)	241.85	−0.9	—	6.81	—	244.01	248.28	251.83	251.81	253.72

FIXED INTEREST PRICE INDICES

	British Government	Tues., Mar. 18	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	100.64	+0.07	—	2.30
2	5-15 years	103.17	+0.05	—	2.20
3	Over 15 years	107.29	+0.06	—	2.11
4	Irredeemables	118.44	—	—	1.78
5	All stocks	103.45	+0.06	—	2.16

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Tues., Mar. 18	Mon., Mar. 17	Year ago (approx.)
1	Low Coupons	5 years	13.15	13.16	8.92
2		15 years	13.01	13.01	10.50
3		25 years	13.01	13.01	11.36
4	Medium Coupons	5 years	15.02	15.04	11.25
5		15 years	14.61	14.61	11.93
6		25 years	14.40	14.40	12.11
7	High Coupons	5 years	15.14	15.16	11.66
8		15 years	14.93	14.94	12.40
9		25 years	14.78	14.79	12.53
10	Irredeemables		12.51	12.51	11.14

		Tues., March 18 Index No.	Yield %	Mon. March 17	Fri. March 14	Thurs. March 13	Wed. March 12	Tues. March 11	Mon. March 10	Fri. March 7	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	49.61	†14.89	49.68	49.62	49.58	50.08	50.06	50.05	50.13	56.46
16	Investment Trust Prefs. (15)	47.91	13.86	47.91	47.91	47.70	47.70	47.70	47.61	47.55	50.16
17	Coml. and Indl. Prefs. (20)	61.34	14.60	61.34	61.31	61.43	61.35	61.26	61.14	61.08	71.19

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Premier Cons.	5p	14	52	− 1	87	15½
Shell Transport	25p	14	354	− 2	410	278
RTZ	25p	10	340	− 4	492	226
BP	25p	9	348	—	414	220½
BAT Inds.	25p	8	231	− 2	362	225
De Beers Defd.	R0.05	8	398	− 8	553	332
GEC	25p	8	365	+ 1	456	311
Turner & Newall	£1	8	104	− 1	176	104
BTR	25p	7	320	− 9	347	219
Burmah Oil	£1	7	190	− 4	249	82
Cons. Gold Fields	25p	7	454	− 2	617	178
Grand Met.	50p	7	123	—	178½	110½
Tricentrol	25p	7	264	—	336	148
ICI	£1	6	364	+ 2	415	314
Lloyds Bank	£1	6	280	+ 3	360	268

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 17	Mar. 28	Jun. 26	Jul. 7
Mar. 31	Apr. 11	Jul. 10	Jul. 21
Apr. 21	May 2	Aug. 7	Aug. 18

For rate indications see end of Share Information Service

Money was given for the call of Poseidon, Premier Oil, Coral Leisure, Otter Exploration, Weeks Petroleum, BSG, Marshall Cavendish, Vaal Reefs, Burmah, Lonrho, Queens Moat Houses, Carless Capel, Charterhall, Montague L. Meyer, CRA, C. T. Bowring, Duple and Ladbroke. A put was done in Premier Oil, while doubles were arranged in Town and City, Burmah, Premier Oil, British Land and Coral Leisure.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
60	60p	—	140	83	Berkley Exploration	83	−2	—	—	—	—
£1	F.P.	21/3	102	100	Child Health Res'ch	101	......	—	—	—	—
10	F.P.	28/2	11¾	10	Keep Inv. Trust 5p	11¼	......	—	—	—	—
**	F.P.	7/3	89	72	Lon.Merc'tSecs.Defd.	72	−3	—	—	—	—
—	F.P.	—	34	29	Roche Plant 10p	32	......	1.25	2.7	5.6	7.5
‡44	F.P.	—	60	57	WebberElctCom12.5p	57	......	b3.5	1.3	8.8	10.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price	+ or −
¶¶	F P	—	37p	36½p	Aurora 3.85% Cum. Pref.	37p	......
‖120p	F.P.	15/2	122p	100p	Clifford (Chas.) 12% Cum. Pref.	118p	......
¶	F P.	30/5	98p	93	Felixstowe Dock 9¼% Cum Red Pref.	93½	......
¶	—	2/9	112	111	Globe Inv Tst 11½% Conv Uns Ln '90-95	111	......
¶	£10	29/5	8⅝	7¼	Mid Kent Water 9% Red Pref. 1985	7½	......
¶	F.P.	24/4	97	95	Rk'm'nw'h & Uxbridge Wtr. 9%RdPf 1986	95	......
¶	£10	30/5	12	11	Sutton District Water 10pcRedPref. 1985	12	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979/80 High	1979/80 Low	Stock	Closing prices p:	+ or −
135	Nil	21/3	2/5	32pm	24pm	AGB Research	24pm	......
$23.50	Nil	—	—	15pm	2pm	Bank of Montreal	3pm	......
330	F.P.	—	—	391	350	Cluff Oil	305	−15
33½	F.P.	22/2	28/3	69½	55	Edwards (Louis C.)	55pm	−5
60	F.P.	3/1	24/1	846	660	Hammerson Prop. A	790	−15
60cts	Nil	—	—	435pm	190pm	Pancontinental	255	−5
68	Nil	—	—	2pm	1pm	United Biscuits	1½pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 54.7 58.3 ..... 2.06
Next dealing March 20.
Lloyds Trust Gilt £9.19 9.20 ..... 13.50
Next dealing March 19.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF420.0 450.0 +1.0 0.8
Lloyds Int. Income SF266.00 276.00 +3.5 6.50

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Mar. 18 US$5.03 5.19 −0.52 —
Australian Ex. Mar. 12 US$6.00 6.32 ..... —
Gold Ex.Acc. US$44.95 48.86 ..... —
Island 139.4 148.3 −1.6 3.86
(Accum Units) 207.4 220.7 −2.2 3.86

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Midland Drayton Gilt 95.8 96.4 ..... 12.45

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. Mar. 11 SF49.65 53.90 ..... 3.28
Japfest. March 15 HK$14.87 16.10 ..... 0.42
117 Group Feb. 29 US$11.60 14.64 ..... 2.84
117 Jersey Mar. 5 £6.13 6.65 ..... 0.95
117 Jersey O's Feb. 27 £6.22 6.55 ..... 3.75

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. Mar. 14 US$30.19 ..... —
Murray Fund Mar. 15 US$14.58 ..... —
Pacific Fund Feb. 29 US$3.3500 ..... —

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 45.6 47.0 ..... 12.77
Equity Fund 46.1 48.0 −1.0 4.24

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Mar. 14 US$11.67 — ..... —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
NAV Oct. 19 £4.35 ..... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV Feb. 27 US$12.91 −0.13 —

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$2.58 2.78 ..... —
Far East Fund US$1.68 1.82 ..... —
Intl. Currency Fund US$1.51 1.63 ..... —
Dollar Fxd. Int. Fund US$1.80 1.94 ..... —
Ster. Exempt Gilt Fd. £1.28 1.39 ..... —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 42.6 44.8 ..... —
Sterling Equity Fd. 56.1 58.9 ..... —
Intnl. Bond Fd. US$95.0 100.0 ..... —
Intnl. Equity Fd. US$96.0 102.0 ..... —
Prices at March 12. Next dealing March 19.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg. Fxd. Int. £0.782 0.828xd 15.10
Quest Intl. Secs. $0.955 1.027xd 4.19
Quest Intl. Bd. $0.796 0.843xd 11.27
Prices on March 12. Next dealing March 19.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust 302.8 310.0 −4.8 —
Do. Diamond Bd. 167.4 176.3 ..... —
Do. Em Income Bd. 116.2 124.1 −1.8 14.27
Midway Deposit Bd. 109.34 110.46 ..... 17.26
Carrillon C.G.T. Bd. 64.9 68.4 ..... —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$1.69 1.79 ..... 0.98
OCSm. Co.*** 86.9 92.1xd 3.51
O.C. Commodity* 188.4 199.7 ..... 5.59
O.C. Dir. Comdty.† US$51.88 55.19 ..... 0.56
O.C. Hong Kg. Fd.† — HK$25 ..... —
O.C. Sterling Fd.** — 11.480 +0.05 —
*Prices on March 14. Next dealing March 31.
†Prices on March 7. Next dealing March 21.
**Daily dealings. ***Feb. 15.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$9.56 9.77 ..... —
Prices on Mar. 10. Next dealing March 19.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
R.T. Int'l. Fd. US$9.65 10.27 −0.83 2.50
R.T. Int'l. (Jsy.) Fd. 76.0 81.0 −4.0 3.83
Prices March 11. Next dealing March 18.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.**‡ DM9.15 9.66xd 5.18
Dllr. Fxd. Int.**‡ US$7.70 8.18 ..... 8.80
St. Fixed***‡ 101.3 107.1 ..... 13.07
Yen Bond Y944 999 8
Equity Funds
Channel Capital★ 69.6 73.4 −2.2 2.67
Internatl. Gr.**‡ US$9.06 9.80 −0.65 —
Far Eastern*‡ US$10.25 11.09 ..... —
North American*‡ US$4.99 5.40 ..... —
Sepro**‡ US$16.00 17.49 ..... —
Trust Channel Isl.★ 69.9 73.7 −1.5 6.79
Commodity Funds
Commodity****‡ 175.8 185.6xd ..... —
Deposit Funds
St. Deposit***★ 117.1 117.3 ..... 0.21
*Prices on March 18. **March 12. ***Feb. 14. ****Feb. 13. ‡Weekly dealings. ★Daily dealings.

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey. 0534 73588
S.A.I.L. 53.0 56.0 −2.0 12.95
S.A.O.I. 79.0 83.0 −3.0 9.04
S.A.S.C.O.—$ 95.0 100.0 ..... —
Gilt Fd. 18.1 19.3 ..... 14.25
Intl. Fd. Jersey 89.0 94.0 −5.0 3.72
Intnl. Fd. Lxmbrg. US$12.85 13.53 −0.48 —
*Far East Fund 90.0 95.0 −2.0 —
*Next sub. day March 19.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 85.1 90.5 ..... —
$Equity US$1.813 1.928 ..... —
£Fixed Interest 146.5 155.8 ..... —
$Fixed Interest US$1.122 1.193 ..... —
£Managed 115.1 122.4 ..... —
$Managed US$1.467 1.560 ..... —

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000
Amer. Inv. Tst. Mar. 5 US$16.30 ..... 2.17
Asian Fd. Mar. 17 US$21.21 21.78 ..... 2.75
Cheapside 5 Mar. 17 US$14.94 −0.52 2.68
Darling Fd. Mar. 14 A$2.88 3.07 ..... 4.20
Japan Fd. Mar. 6 US$6.29 6.75 ..... 0.74
Trafalgar Fd. Feb. 29 US$219.28 ..... —

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$4.493 4.9415 ..... —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646
Dekafonds DM21.78 22.93 ..... 6.98
Tokyo Trust Mar. 4 US$30.00 — 3.00

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV March 17 US$9.55 −0.10 —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 131.83 138.77 ..... —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind. Tst. £4.72 4.83 −0.11 —
Copper Trust £15.77 16.15 −0.26 —
Jap. Index Tst. £5.95 6.08 +0.05 —

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man. 0624 23914
The Coin Trust 102.6 108.0 ..... —

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Jersey Fund 49.2 51.8 −2.9 5.55
TSB Guernsey Fund 49.2 51.8 −2.9 5.55

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 90.0 93.0 ..... 12.90
TSBGiltFd.(Jsy.) 90.0 93.0 ..... 12.90
Prices on March 19. Next sub. day March 26.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Mar. 10 US$69.79.

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Mar. 10 US$50.84.

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda. 2-2760
Overseas Mar. 12 US$1.22 1.29 ..... 6.00
(Accum. Units) US$2.10 2.22 ..... —
Man. Int. Feb. 21 US$3.32 3.50 ..... —
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL March 13 £8.05 8.65 ..... 2.89
(Accum. Shares) £13.40 14.35 ..... —
American Mar. 13 99.4 106.4 ..... 2.82
(Accum. shares) 104.0 111.2 ..... —
Far Eastern Mar. 13 89.2 95.4 ..... 2.10
(Accum. shares) 92.0 98.4 ..... —
European Mar. 13 70.0 75.4 ..... 2.98
(Accum. Shares) 71.8 77.2 ..... —
Jersey Fund Mar. 12 157.6 167.2 ..... 9.07
(Non-J. Acc. Uts.) 252.8 268.0 ..... —
Gilt Fund Mar. 12 93.4 95.2 ..... 12.53
(Accum. Shares) 147.8 150.6 ..... —
Victory House, Douglas, Isle of Man. 0624 24111.
Managed Feb. 21 146.8 154.6 ..... —
High Inc. Gilt Mar. 12 102.6 104.4 ..... 13.95
(Accum Shares) 102.6 104.4 ..... —

Unilife Assurance (Overseas) Ltd.
P.O. Box 1388, Hamilton 5-31, Bermuda
Internl. Mngd. Fd. US$1.05 — ..... —

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds DM15.31 16.20 −0.20 —
Unirak DM47.45 49.85 −0.10 —
Unirenta DM34.21 35.30 ..... —

Utd. Intnl. Mngmnt (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey
U.I.B. Fund US$96.66 99.12 ..... 8.32

van Cutsem & Associates Ltd.
42, Essex Street, London, WC2 01-353 6845
PanAmer. O's. Fd. US$119.95 ..... —

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Conv. Bd. March 17 US$8.82 −0.04 —
SEng. In. March 17 US$32.18 −1.69 —
Grt. St. $Fd. Feb. 29 US$8.36 ..... —
Merc. Eurobd. Mar. 12 US$10.26 10.36 ..... 0.4095
Merc. My. Mkt. Mar. 10 £11.86 11.87 ..... —

Warburg Invest. Mngt. Jrsy. Ltd.
7 Library Place, St. Helier, Jsy. CI 0534 37217
CMF Ltd. Feb. 28 US$14.68 15.06 ..... 2.26
CMT Ltd. Feb. 28 £13.91 14.27 ..... 2.26
Metal Tst. Mar. 6 £15.31 15.69 ..... 30.86
SMT Ltd. Mar. 6 £10.63 10.91 ..... —
TMT Mar. 13 US$12.51 12.83 ..... 2.49
TMT Ltd. Mar. 13 £11.58 11.88 ..... 1.01

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong
Wardley Trust HK$18.36 19.30 +0.80 —
Wardley Nikko As. Fd. US$25.00 25.60 −0.07 —
Wardley Bond Trust US$9.10 9.30 −0.10 —
Wardley Japan Trust US$9.72 10.02 +0.05 —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. US$22.92 −0.05 —

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allied Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)(c)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

Prices are in pence unless otherwise indicated.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (U.K.) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros (Guernsey) Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mngrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅜	95⅝	Treasury 9½pc '80‡‡	98⅝	......	9.61	16.46
97	92¾	Treasury 3½pc '77-80	96⅝	+⅛	3.61	16.66
97½	92⅞	Funding 5¼pc '78-80‡‡	97⅛	+⅛	5.40	16.69
103⅝	97½	Exchequer 13pc 1980‡‡	97⅞	−⅛	13.14	16.03
102⅝	95⅝	Treasury 11½pc 1981‡‡	96⅝	−⅛	11.86	15.40
93¾	88⅞	Treasury 3½pc 1979-81	91⅝	......	3.81	13.19
99⅛	92⅛	Treasury 9¾pc 1981‡‡	94⅝xd	+⅛	10.30	15.53
96¼	89½	Exch. 8¼pc 1981	92⅛	......	8.95	15.34
99⅛	91¼	Exch. 9½pc 1981	93⅛	......	10.22	15.22
92¼	84¼	Exch. 3pc 1981	88⅝	......	3.39	12.21
98⅜	94⅞	Treas. Variable '81‡‡	97⅝	+⅛	17.82	18.24
104⅛	95⅛	Exch. 12¾pc 1981‡‡	95⅞	+⅛	13.29	15.48
96⅞	87¼	Treas. 8½pc '80-82‡‡	89⅝	......	9.47	15.95

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
108¼	93½	Do. 14pc '83	94¼	−¼	14.77	15.86
86½	77½	ICFC 5½pc Deb. '80-82	81xd	......	6.79	14.87
85	69	Do. 6¼pc Db. '81-84	73½	......	8.77	15.00
99	79½	Do. 10¼pc Uns. Ln. '86	84	......	12.82	15.30
99	77	Do. 11pc Uns. Ln. '88	83	......	13.59	14.75
101½	80	Do. 11¾pc Uns. Ln. '90	85½	......	14.12	15.10
72½	54½	Do. 7¼pc A Deb. '89-92	57½	......	13.15	15.30
69	51½	Do. 7¼pc A Db. '91-94	54xd	......	13.45	15.30
72	64	Do. 9pc 'A' '91-94	65xd	......	13.85	15.09
78½	61	Do. 8⅞pc Ln. '92-97	62xd	......	14.31	15.00
102	84½	Do. 12½pc Uns. Ln. 1992	84½xd	......	14.79	15.40

FOREIGN BONDS & RAILS

1979-80 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
57	22	Antofagasta Rly.	57	......	—	—
52	37	Do. 5pc Pref.	50	......	—	—
98	98	Chilean Mixed	98	......	—	3.39
65	18	Chinese 4½pc 1898	53	......	—	—
50	21	Do. 5pc 1912	42	......	—	—
28	13	Do. 5pc 1913	20	−1	—	—
27	10	Do. 5pc 1925 Boxer	18	......	—	—
430	400	German Yng. 4½pc.	430	......	4½	—
52	32	Greek 7pc Ass.	32	......	3½	11.41
51	31	Do 6pc 28 Stab. Ass.	31xd	......	6	9.68
42	30	Do 4pc Mixed Ass.	30	......	4	6.73
54	42	Hung. '24 Ass	55	......	—	5.33
68	50	Iceland 6½pc '83-88	50	......	—	16.20
90½	78½	Ireland 7½pc '81-83.	83¼	......	7½	14.36
87½	69	Do 9¾pc '91-96	72xd	......	9¾	14.16
390	200	Japan 4pc '10 Ass	200	......	—	—
73	62	Do 6pc '83-88	62	......	6	11.20
160	135	Peru Ass. 3pc	155	......	3	2.00
S92	S75	S.G.I. 6½pc 1980	S92	......	6½	7.06
S94½	S89	Turin 9pc 1991	S89	......	9	10.11
DM92	DM90	Turin 6½pc 1984.	DM91	......	6½	9.30
97	95	Uruguay 3½pc.	96xd	......	3½	3.80

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
		[illegible]						
£18½	875	C'hgn. Hbk. Kr100	875	......	Q13%	—	15.3	—
41	20	Corinthian 10p	29	......	†1.05	5.9	5.2	3.3
£24¼	£15	Cred. France F75	£16⅞	......	Q12.5%	—	6.1	—
13	5	Dawes (G. R.)	12	......	—	—	—	—
£116½	£59	Deutsche Bank DM50	£59	−3½	Q28.12%	—	6.2	—
90	55	F. C. Finance	69	......	2.2	4.9	5.2	5.5
17	5¼	First Nat. 10p	13½	−¼	—	—	—	0.8
4	1½	Do. Wrrts. 75-83	2	......	—	—	—	—
266	178	Gerrard Natnl.	198	−6	†9.12	—	6.6	—
84	38	Gibbs (A.)	78	−2	2.2	—	4.0	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
90	73	F.M.C.	78	......	4.0	1.3	12.3	9.6
14	8½	Fisher (A.) 5p	9	+2	0.31	3.8	5.0	7.7
87	57	Fitch Lovell 20p	73	−3	†4.66	2.4	9.1	5.9
58	23	Glass Glover 5p	53	......	2.65	2.4	5.2	11.5
78	53	Hazlew'ds F. 20p	74	......	d4.0	2.5	7.5	(6.8)
200	103	Hillards 10p	140	......	†3.5	4.1	3.1	9.1
110	62	Hinton (A.) 10p	70	......	†3.25	4.7	6.7	3.5
133	80	Kwik Save 10p	86	−2	3.3	3.3	5.5	7.7
*43	29	Lennons Gp. 10p	34	−1	d2.21	2.3	9.3	(5.9)
175	124	Linfood Hldgs.	154	−1	†9.75	1.5	9.0	(7.9)
116	64	Lockwoods	66	......	4.38	1.3	9.3	11.5
86	59	Lovell (G.F.)	78	......	†2.0	9.1	3.7	3.5
142	94	Low (Wm.) 20p	125	......	7.9	2.7	9.0	4.8
340	177	Matthews (B.)	285	......	†d10.2	4.8	5.1	5.8
92	75	Meat Trade Sup.	85	+2	†d7.72	1.8	13.0	13.6
139	74	Morgan Eds. 10p	133xd	......	4.25	2.8	3.0	23.4
189	91	Morrison (W.) 10p	148	−6	†d3.0	9.8	1.0	20.5
65	36	Needlers	41	−2	d2.5	ϕ	9.3	ϕ
140	98	Northern Foods	122	−2	4.5	2.6	5.3	9.3
131	77	Nurdin P'k. 10p	110	......	d3.55	4.4	4.6	6.5
28	15	Pasto (P.) 10p	21	−1	d1.6	ϕ	‡	28.6

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
430	97	Coronation	290	......	†Q54c	2.2	11.1
680	132	Falcon Rh.50c	660	−20	†Q100c	1.7	11.7
48	11	Rhod'n Corp. 16⅔p.	39xd	......	0.56	8.5	2.0
267	70	Roan Cons. K4	160	−10	†Q0.12	ϕ	4.8
67	26	Wankie Col. Rh.1	57	−1	Q9c	1.5	10.9
57	9	Zam.Cpr.SBD0.24	29	−1	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	22	......	—	—	—
24	4	ACM 20c	12	−1	—	—	—
115	50	Bond Corp.	75	−5	Q3.75	2.2	2.6
234	100	Bougainville 50 Toea	156	−3	Q39½c	ϕ	13.4
265	84	BH South 50c	200	......	←	—	—
25	11½	Central Northwest	12½	−1½	—	—	—
54	8	Carr Boyd 20c	21	−1	—	—	—
£26	340	Central Pacific	£16	......	—	—	—
356	170	Conzinc Riotinto 50c	240	−2	Q15c	ϕ	3.2
39	14	Cultus Pacific N.L.	24	−1	—	—	—
•50	2½	Eagle Corp. 10c	25	−3	—	—	—
26¼	11	Endeavour 20c	15¼	−2	—	—	—
258	62	G. M. Kalgoorlie 25c	195	+10	†Q3c	—	0.8
372	148	Hampton Areas 5p	350	−2	5.5	2.8	1.4
75	20	Haoma Gold N.L.	35	......	—	—	—
72	25	Metals Ex. 50c	60	+3	—	—	—
314	134	M.I.M. Hldgs. 50c	206	−6	†Q16.1c	1.8	4.0
35	15	Minefields Expn.	35	......	—	—	—
155	30	Mount Lyell 25c	78	+4	—	—	—
44	13	Newmetal 20c	17	−3	—	—	—
210	91	††North B. Hill 50c	142	−6	Q12c	1.4	4.3
80	7½	Nth. Kalgurli	49	+2	—	—	—
165	45	Nth. Mining Corp.	100	+10	—	—	—
71	18	N. West Mining N.L.	30	......	—	—	—
235	76	Oakbridge SA1	163	−3	Q12c	4.7	3.8
122	22	Otter N. L.	84	......	—	—	—
246	58	Pacific Copper	148	+8	—	—	—
•575	125	Pancont'l 25c	275	−5	—	—	—
•78	2	Paringa M.&Ex.5p	55	−2	—	—	—
495	240½	Peko-Wallsend 50c	355	−5	†Q17.5c	ϕ	2.5
230	125	Selcast A.	140	−25	—	—	—
£10½	145	Southern Pacific	606	+25	—	—	—
•75	8½	Swan Resources 20c	47	−3	—	—	—
16	12	West Coast 25c	12	......	—	—	—
268	121	Westn. Mining 50c	195xd	......	†Q7c	1.6	1.9
30	8	Westmex	15	−1	—	—	—
94	40	Whim Creek 20c	74	−3	—	—	—
25	10½	York Resources	14	......	—	—	—

TINS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
34	23	Amal. Nigeria	31	−1	16.0	1.9	27.6
435	265	Ayer Hitam SM1	280xd	......	†Q290c	0.9	‡
72	48	Beralt Tin	50	−7	4.5	ϕ	12.9
270	149½	Berjuntai SM1	170	......	†Q95c	1.0	‡
230	125	Geevor	200	−15	8.71	3.1	6.2
11	8	Gold & Base 12½p	10½	......	—	—	—
365	295	Gopeng Cons.	335	−5	25.0	1.8	10.8
370	259	Hongkong	300	......	35.87	ϕ	17.1
105	64	Idris 10p	98	−2	28.0	ϕ	11.7
15	9½	Jantar 12½p	14	......	—	—	—
95	38	Kamunting SM0.50	70	−2	Q47½c	1.1	15.2
620	210	Killinghall SM1	320	......	206⅔c	—	3.8
655	365	Malay Dredging SM1	645	......	†Q105c	2.6	3.3
57	26	Pahang	26	−2	0.44	0.3	2.4
123	60	Pengkalen 10p	94	−1	6.0	1.3	9.1
290	195	Petaling SM1	270	−10	Q150c	1.4	11.3
87	53	Saint Piran	60	−3	†2.5	6.4	‡
58	34	South Crofty 10p	35	−1	†3.0	2.8	‡
255	170	South Kinta SM0.50	215	−5	Q150c	1.0	14.2
430	225	Sthn Malayan SM1	385	−5	Q175c	2.1	9.3
310	210	Sungei Besi SM1	260	−10	†Q520c	1.0	40.8
75	25	Supreme Corp. SM1	43	......	Z010c	—	4.7
105	93	Tanjong 15p	95	......	24.5	ϕ	6.8
115	80	Tongkah H. Tin	80	......	Q45c	2.3	12.6
280	190	Tronoh SM1	230	−15	†Q25c	5.2	2.2

COPPER

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
235	56	Messina R0.50	164	−18	Q10c	ϕ	3.5

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
160	78½	Anglo-Dominion	126	−29	—	—	—
97	54	Sangrain	75	......	—	—	—
14½	10	Sumia Mines 17½p	12½	−½	—	—	—
502	170	Cons. Murch. 10c	360	−20	Q100c	ϕ	15.9
565	260	Northgate C$1	350	−65	—	—	—
492	226	R.T.Z.	343	−4	†11.5	3.4	4.8
33	12	Reunit Mines	27	−3	—	—	—
65	26	Sabina Inds. C$1	36	−3	—	—	—
890	470	Tara Expln. $1	550	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25	......
Bertam	13	−1
Bdg'wtr. Est. 50p	325	......
Clover Croft	60	......
Craig & Rose £1	£10½	......
Fife Forge	36	......
Finlay Pkg. 5p	22	......
Graig Ship. £1	£13½	......
Higsons Brew	78	−2
Holt (Jos) 25p	285	......
I.O.M. Stm. £1	150	......
Pearce (C. H.)	400	......
Peel Mills	37	......
Sheff. Refrshmt	97½	......
Sindall (Wm.)	165	......

IRISH

Conv. 9% '80/82	£86¼	......
Nat. 9¾% 84/89	£70⅝	−⅛
Fin. 13% 97/02	£77½	−½
Alliance Gas	60	......
Arnott	400	......
Carroll (P.J.)	51	......
Clondalkin	108	−1
Concrete Prods.	88	+3
Helton (Hldgs.)	34	......
Ins. Corp.	235	......
Irish Ropes	80	......
Jacob	36	......
T.M.G.	140xd	−1
Unidare	103	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	8	I.C.I.	32	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.L.	45	Woolworths	6½
Babcock	12	Inveresk	5	**Property**	
Barclays Bank	30	Ladbroke	15	Brit. Land	7
Beecham	13	Legal & Gen.	14	Cap. Counties	9
Blue Circle	25	Lex Service	10	Land Secs.	25
Boots	17	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lots"	3½	Peachey	13
B.A.T.	25	London Brick	6	Samuel Props.	12
Brown (J.)	7	Lucas Inds.	20	Town & City	2
Burton 'A'	22	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	9	Brit. Petroleum	38
Courtaulds	8	Midland Bank	30	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	12
Distillers	21	Nat. West. Bank	32	KCA	11
Dunlop	5½	P & O Dfd.	6	Premier	12
Eagle Star	14	Plessey	16	Shell	35
F.N.F.C.	2½	Racal Elect.	20	Tricentrol	35
Gen. Accident	21	R.H.M.	4½	Ultramar	50
Gen. Electric	30	Rank Org.	18	**Mines**	
Glaxo	40	Reed Intnl.	17	Charter Cons.	18
Grand Met.	12	Sears	5½	Cons. Gold	52
G.U.S. 'A'	30	Tesco	7	Lonrho	12
Guardian	23	Thorn	25	Rio T. Zinc	35
G.K.N.	22	Trust Houses	14		
Hawker Sidd.	16	Tube Invest.	27		
House of Fraser	12	Unilever	40		
		U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

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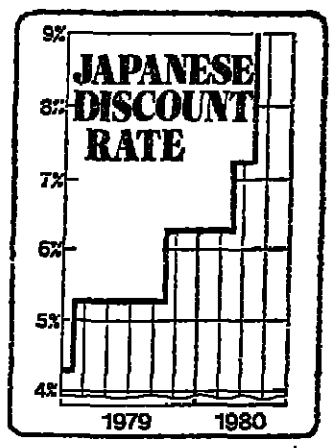
FINANCIAL TIMES

Wednesday March 19 1980

Japan discount rate at 9%

BY RICHARD C. HANSON IN TOKYO



THE Bank of Japan has raised its official discount rate to 9 per cent, effective today. The 1.75 percentage increase, which had been expected, is intended to curb inflation and stabilise the value of the yen.

Along with the interest rate increase, the fifth in 12 months, the central bank ordered another rise in funds banks must keep in reserve to back up deposits from April 1. The reserve ratio had previously been raised from the beginning of this month for the first time in more than six years.

The 9 per cent discount rate, decided by the central bank's *policy board, matches the record* level reached during the first oil crisis from December 1973 to April 1975.

As usual, the discount rate increase will be folowed by an across-the-board increase in deposit and loan interest rates, including a rise in the coupon rates for new issues of Government bonds which officials hope will revive the sagging bond market.

The jump to 9 per cent was, it seems, inevitable for two reasons. First, Japan's wholesale price index is rising at an annual pace of more than 20 per cent, and has yet to peak. This will translate into consumer inflation rates of nearly 10 per cent by the summer. Second, the yen is still under *considerable downward pressure* because of sharply higher interest rates in the U.S.

In Tokyo trading, the yen has been see-sawing in a fairly narrow range around Y249 to the U.S. dollar since the Government introduced steps to support its currency early in March to keep it above Y250. But such support has required considerable intervention by Japanese authorities in Tokyo and help from central banks elsewhere.

Even before yesterday's decision, there had been growing speculation that this would not be the last increase in Japanese rates. Another rise could come if inflationary trends in the next few weeks prove to be worse than expected. Of more *immediate concern is whether* West Germany's Bundesbank and others will feel compelled to increase their own interest rates because of recent U.S. moves to curb inflation. A rise in Bundesbank rates would probably hurt the yen.

The Government has promoted the image of working hard on anti-inflation policies, mostly because it is about to raise electricity prices sharply. They are expected to go up by 50 per cent from April 1.

The anti-inflation measures being prepared by the Government will consist of a slowdown in the rate of Government public works spending and closer monitoring of price movements.

The Bank of Japan calculates *that the rise in bank deposit* reserve requirements (by 0.25 per cent to 2 per cent for certificates of deposit and by 0.5 per cent to 3.75 per cent for other deposits) will drain the economy of about Y480bn (£880.7m) in excess liquidity. In addition, the central banks will continue to restrain the rate of increase in new bank loans by the 13 major city banks, a policy in force since early last year.

Feature, Page 18

Steel unions to discuss third party intervention

BY CHRISTIAN TYLER, LABOUR EDITOR

AN ATTEMPT to mount some kind of third party intervention in the steel dispute, possibly by means of a committee of inquiry, will be discussed tonight by leaders of the 13 unions involved as the best way of ending the 11-week-old strike.

The talks will take place against the background of a warning from the railwaymen yesterday that they may not be able to go on supporting the steel workers by stopping the movement of steel.

The British Steel Corporation woul have to consent to mediation as a means of reaching a settlement. No Government *intervention would be necessary,* although an approach by the unions to the Employment Department is another option. But there would be argument about whether the strike should be called off before an inquiry could begin.

This appeared to be the most favoured solution put forward yesterday by the joint executive committes of the two main unions involved, the Iron and Steel Trades Confederation and the National Union of Blastfurnacemen.

The corporation may still choose to go ahead with its own ballot of the 132,000 strikers on its "final" offer of a 10 per cent national increase and 4 per cent in return for job losses negotiated at local level.

Union officials said they saw the threat of a BSC ballot as irrelevant. But the ISTC has not ruled out the possibility of conducting its test of opinion through the branches—either by ballot or show of hands. This, it believes, would show a majority still opposed to the offer, and would discredit a parallel survey by the BSC.

But the union has taken the *precaution of booking space in* local newspapers on Friday and Monday to counteract the corporation's presentation of its offer.

Yesterday's decision may be interpreted as a softening of the unions' line. But officials insisted feeling was still running high, despite the length of the strike, and the offer was quite unacceptable. Mr Bill Sirs, general secretary of the ISTC, has floated the idea of mediation at several points in the dispute, but the BSC has always talked of arbitration, which is a more formal and binding, procedure.

Mr Sirs, and Mr Hector Smith *of the Blastfurnacemen, were* given a fairly free hand for the discussions tonight, when other unions are also likely to urge mediation.

The railwaymen's warning came from Mr Sid Weighell, general secretary of the Nat*ional Union of Railwaymen, who* said his union might have to reconsider its instruction unless transport drivers stopped taking work away from NUR members. The failure of lorry drivers to honour picket lines has already led to some anger.

Mr Weighell said he had written to the steel unions, the TUC and the Transport Workers expressing concern at the loss of contracts to road haulage firms.

He said a 20,000 to 25,000 tonne a year contract with a Wolverhampton company had been lost, and 75,000 tonnes of imported steel at docks and *freight terminals remained* undelivered.

British Rail says it has suffered a direct revenue loss of about £2m a week since rail unions began blacking the movement of steel at the start of the strike in January. This is in *addition to any loss as a result* of reductions in the movement of manufactured goods containing steel.

As expected, the BSC offer was formally rejected by the two principal unions last night, as it was earlier in the day by 58 delegates of steel workers in the transport union. Craft union leaders are due to meet this morning to debate their preferred solution before tonight's meeting of negotiators.

Charles Curran

SIR CHARLES CURRAN, director-general of the BBC from 1969 to 1977 left £169,116 gross, £161,631 net, in his will published yesterday. He died in January, aged 58, leaving a wife and daughter.

Marubeni plan to save Meriden

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A LEADING Japanese trading house has drawn up a plan to save the Meridan workers' co-operative by turning it over to the production of Japanese-designed Suzuki cycles.

Marubeni, which has *interests in the U.S. and* Europe, would provide the marketing skills, especially for overseas sales and perhaps some of the finance. Suzuki would provide technical know-how and major components such as engines and transmissions.

The plant would be run by UK management and would probably remain a co-operative in order to demonstrate that it was not the subject of a full-scale Japanese takeover.

Marubeni is particularly interested in the deal because it has recently adopted a general policy of expanding its export business from foreign countries as well as from Japan. This reflects a growing concern among Japanese businessmen about resistance to Japanese exports which is making them more interested in setting up investment projects overseas.

Another Japanese motorcycle manufacturer, Kawasaki, *has also considered setting up* a factory in the UK during the past year, but it is understood that differences of opinion among its top management have prevented any firm plans being drawn up.

The Marubeni plan for Meriden has yet to be accepted by Suzuki, which exports motor cycles to the UK direct *from Japan.* It is currently evaluating the possibilities, and Marubeni is examining the financial implications of Meriden's debts, including a Government loan of £4.2m and more than £1m in interest charges.

The *size of this loan could* prove a stumbling block and it is possible that Sir Keith Joseph, Industry Secretary, might be presented with the politically embarrassing task of decideding
of deciding whether to waive to help the deal go ahead.

The Government has deferred payment of its interest and has refrained from clos*ing down the co-op since last* year's general election in the hope that a rescue could be mounted. Creditors have also been persuaded to co-operate during the past few months and have been told that a deal could be struck within a few weeks.

Mr. N. Wakatsuki, a senior Marubeni executive, visited Meriden recently and has had a series of meetings at the co-op and in Tokyo with Mr. Geoffrey Robinson, the Coventry Labour MP who is acting as the co-op's unpaid chief executive.

The Meriden co-operative *was set up in 1975 after the* factory, near Coventry, was closed by Norton Villiers Triumph.

British Steel in talks on sale of overseas assets

BY ROY HODSON

DISCUSSIONS have started between the British Steel Corporation and potential purchasers of some of its extensive overseas investments. These include steelmaking, engineering, distribution of steel products, marketing, and mining.

Sir Charles Villiers, BSC chairman, said yesterday he was hopeful that the corporation could realise up to £100m in the next year by selling overseas assets, and by sales of or partnership deals with private sector companies in some of the corporation's activities in Britain.

The countries where asset sales appear most likely are Australia, New Zealand, India, and South Africa.

Sir Charles has visited Australia, New Zealand, and India, in recent months, and is known to have had busy schedules of private meetings.

British Steel's overseas investments are valued at £145m. Many were inherited from the old UK steel companies before nationalisation, and take the form of holdings in local companies.

Sir Charles gave no details of the companies involved, the countries, or the progress of *the talks.*

He was more forthcoming about his hopes of raising much needed capital after the strike by encouraging private sector participation in some of British Steel's home market activities.

"Now that British Steel is reaching a balanced state in production and marketing, it is clear that it must be open to partnerships," he said.

Negotiations for the sale of the RDL construction company and BSC Chemicals have been dragging on for some months. It is doubtful whether the two *deals would contribute more* than £10m to Sir Charles' target of £100m within 12 months.

But he is issuing what amounts to an open invitation to industrialists to contact him if they would like to buy any of the specialist portions of British Steel outright, or to participate in partnership deals. The unlikely events of a private sector company being ready to inject cash into British Steel's main-line steelmaking would also be welcomed by Sir Charles. "We can take them into almost any part of the business," he said.

An offer for the Consett, Durham, works would be particularly welcome. No prospect is seen of markets being found to keep its 1m tonnes a year of commercial billets capacity open after the strike. Sir Charles said: "If Consett did not go it would have to be another works somewhere else."

Details, Page 12

Weather

MOSTLY CLOUDY.

London, East Anglia, S.E. England, N. Wales, N. and N.W. England
S. and S.W. England, Channel Islands, S. Wales

Cloudy; rain at times, snow on hills. Max. 6C (43F).

N.E. England, S.E. Scotland, Central Highlands

Wintry showers, sunny intervals. Max. 3C (37F).

Outlook: little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	59	Luxmbg.	F	8	46
Algiers	C	15	59	Luxor	S	14	57
Amsdm.	F	6	43	Madrid	F	11	52
Athens	C	12	54	Majorca	C	15	59
Bahrain	R	14	57	Malaga	C	14	57
Barclna.	S	16	61	Malta	R	13	55
Belfast	R	4	39	M'chstr	R	5	41
Belgrd.	S	10	50	Melbne.	S	33	92
Berlin	S	6	43	Milan	S	11	52
Biarritz	F	11	52	Mntreal	S	3	36
Bmghm.	R	5	41	Moscow	Sn	—6	21
Blackpl.	R	4	39	Munich	S	10	50
Bordx.	C	11	52	Nairobi	S	25	76
Boulgn.	C	9	48	Naples	F	15	59
Bristol	Sn	1	34	Nwcstle.	C	3	37
Brussels	C	11	52	N. York	S	9	47
Budpst.	C	8	46	Nice	S	14	57
Cairo	S	22	71	Nicosia	R	15	59
Cas'b'ca	C	17	63	Oporto	C	12	54
Cape T.	S	26	79	Oslo	S	—3	27
Chicago	C	6	43	Paris	C	9	48
Cologne	C	11	52	Perth	S	25	77
Conhgn.	C	0	32	Prague	S	8	46
Corfu	F	14	57	Prague	S	8	39
Dublin	R	4	39	Reykjvk.	R	4	39
Dbrvnk.	C	11	52	Rhodes	F	14	57
Ednbgh.	Sl	2	36	Rio J'o	S	31	89
Faro	C	18	64	Rome	F	16	61
Florence	F	16	61	Salzbrg.	S	13	55
Frankft.	F	11	52	Singapr.	C	30	85
Funchal	C	17	63	Stckhm.	F	—5	23
Geneva	S	8	46	Strasbg.	F	7	45
Gibrltr.	C	16	61	Sydney	S	25	77
Glasgow	R	3	37	Tangier	F	18	64
G'rnsey	F	6	43	Tehran	C	11	52
Helsinki	S	—6	21	Tel Aviv	R	15	59
H. Kong	C	24	75	Tenerife	F	14	57
Innsbrk.	C	4	39	Tokyo	S	10	50
I o Man	R	5	41	Toronto	C	2	34
Istanbul	C	6	43	Tunis	F	16	61
Jersey	C	6	43	Valencia	C	13	55
Jo'burg	S	22	72	Venice	S	11	52
L. Plms.	S	20	68	Vienna	S	10	50
Lisbon	R	11	52	Warsaw	F	3	37
Locarno	S	11	52	Zurich	S	11	52
London	C	8	46				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

British Caledonian backs out of Miami route

BY LYNTON McLAIN

BRITISH CALEDONIAN has withdrawn its application to fly between Gatwick, London and Miami, Florida. The move leaves the route open for Sir Freddie Laker's Laker Airways to operate alongside British Airways.

The decision is expected to cost British Caledonian an estimated £15m a year in potential revenue. But Mr. Adam Thomson, the airline's chairman last night wished Laker Airways "good luck" with is application.

British Caledonian blamed the early expected starting date for the Miami services—April 14, and shortage of aircraft, fo rits decision not to compete for the route.

The airline said its aircraft would be fully committed this year as a result of winning rights to fly extra routes.

British Airways is the only British airline operating on the route.

But under the "dual designation" agreement after recent Anglo-U.S. air talks—allowing two airlines from each country to fly a route—British Caledonian and Laker both applied to fly to Miami.

The U.S. airlines start operations on June 15 next year but the extra UK airline has rights to start on this April 14.

Hong Kong airline contests ruling, Page 6

Continued from Page 1

Shell coal deal

year Shell expects to handle 5m tonnes while under its expansion plan the group hopes to be moving 25m tonnes annually by the mid-1980s.

A new study within Shell suggests that coal's share of non-Communist world energy supplies will grow from 18 per cent this year to between 21 and 25 per cent by the turn of the century.

To achieve this growth, Shell estimates, the energy industry will have to invest between $150bn and $200bn—£68bn to £90bn—at today's prices. This investment would be needed to replace exhausted coal mines and to fund the development of between 700 and 1,000 new mines, each capable of yielding an average of 2.5m tonnes of coal a year.

West Germans seek Saudi financial aid

BY JONATHAN CARR IN BONN

THE West German Government hopes to obtain a large loan from Saudi Arabia, as well as the promise of extra economic aid for Turkey.

Private discussions on both topics have been held in Geneva, Bonn and Riyadh. They are said to have been encouraging and Herr Hans Matthoefer, the West German Finance Minister, is expected to follow them up soon.

The Germans are interested in a foreign loan to help finance their current account deficit, which may reach DM 20bn (£4.8bn) this year. They are also organising the Organisation for Economic Co-operation and Development aid effort for Ankara.

On both scores, the Saudi Arabians are felt to have a key position. They possess large surplus oil funds combined with what is seen to be a moderate policy both within the Organisation of Petroleum Exporting Countries and towards the West.

The operation is delicate. The Germans see the aid for Ankara as of great strategic importance for NATO, as well as economically significant in its own right. It forms part of the policy of containing Soviet influence for which the Germans have been pressing since the Afghanistan crisis began.

At the OECD conference in Paris next week, the member states are expected to pledge more than $1bn (£457m) for Turkey this year. West Germany and the U.S. will each pay about one-quarter.

Herr Matthoefer has just been in Japan and there are signs the Tokyo Government is reconsidering its resistance to contributing to the OECD effort.

Bilaterlly, Bonn is looking for a direct loan from Saudi Arabia which would help finance the current account deficit and support the Deutschemark. No exact figure has been mentioned, but officials warn against assuming it will be as high as the DM 10bn (£2.4bn) rumoured in some financial centres.

Action has already been taken to try to stem a big net outflow of funds attracted by high interest rates elsewhere, notably the U.S. The Bundesbank raised the discount rate by 1 per cent to 7 per cent from February 29. Last week tere were steps to relax rules governing te sale of promissory notes to foreigners.

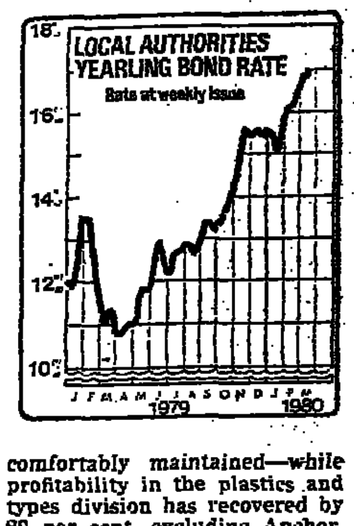
Without further action, the fear is that the Deutschemark will weaken further, laying the country open to greater imported inflation.

The main cause of the current account deficit is the sharp rise *in the oil import bill.* It is seen as a natural step to go to an OPEC country and seek a direct recycling of surplus funds.

THE LEX COLUMN

Signs of strength at Brooke Bond

Index fell 1.5 to 431.7



Although the local authority yearling bond rate reached a new peak of 17 per cent yesterday, and across the Atlantic prime rates are touching 19 per cent, London money market rates have stayed fairly steady in the shorter periods. Last night it would appear that the monthly banking make-up day, today, would pass off quietly.

Brooke Bond Liebig

Brooke Bond Liebig astonished the market yesterday with a jump in pre-tax profits from £18.0m to £24.2m in the six months to September, and a 37 per cent rise in the interim *dividend. At the trading level,* after interes but before asset sales, profits are up by 46 per cent, but the company went to some lengths to warn that neither the profits trend nor the dividend increase would be extended to the second-half, and the shares finished unchanged at 51p.

Margins on the UK tea business have improved as volume has risen—Brooke Bond claims an increase in its market share —and blend costs have fallen relative to the previous year. Even stripping out £2m or so of profits windfall resulting from the company's inability to *spend all its advertising budget* last year because of the British television srike, UK profits have nearly doubled. The low tea price (which has helped British margins) and the strength of sterling have damaged plantation earnings, but Bushells in Australia seems to have performed well. And lower working capital requirements have brought the interest charge down.

In the second-half as blend and promotional costs rise, tea margins are shrinking, the installation of new equipment at Bushells may hold back the Australian contribution, and France and Argentina are provin gdifficult. But Brooke Bond should still make £45m in the full year, against £41m, giving a p/e of just over 6, fully-taxed, while the prospective yield is a well-covered 11½ per cent. This looks too low a rating for a company with a strong balance sheet which no longer has to rely on stock appreciation and developing countries for the bulk of its earnings.

Smith & Nephew

An improved performance in medical and health care, Smith and Nephew's largest division, has proved insufficient to boost group pre-tax profits for the year by more than a modest 4.6 per cent to £22.2m. Volume in this division has moved up 3 per cent in real terms—with margins comfortably maintained—while profitability in the plastics and types division has recovered by 89 per cent, excluding Anchor. However, competition in denims and a lumpy pattern of perfume *orders from the Middle East* means that margins came under some pressure later in the year. So, although operating margins rose in the first half, they declined from 13.4 to 12 per cent in the second.

After falling slightly in the first half, interest charges have soared by 74 per cent in the second, with the Anchor acquisition representing nearly 30 per cent of the increase. A substantial part of the remainder derives from increased borrowings to finance working capital, which has risen by 43 per cent to £66.3m. Treating the convertible as *equity, the proportion of net* debt to shareholders' funds has doubled from 22 to 45 per cent, and the group is likely to find interest charges continuing to be a drag on profitability in the current year. The share price fell 1p to 76p yesterday, in spite of a one-third rise in the total dividend, to producea yield of 7 per cent and p/e of 11¼, fully-taxed.

Australia

Some of these foreign investors who have been flocking into the Australian stock market in unprecedented numbers during the past couple of months must be feeling distinctly bruised this week. A sharp break in prices across the board has reminded them of the difference between net tangible assets and the wide blue sky.

The *enthusiasm generated* around the world by Australia's position as one of the few net exporters of energy in the OECD had powered some of the major resource stocks up to awesome ratings in the first two months of this year. Western Mining at its peak of A$5.32 was on a price earnings ratio of around 26 while Santos was on a multiple of over 70.

More worringly, distinct memories of the 1969-70 boom were being revived in the speculative sector, accompanied by some deft promotion in New York and London. Leichardt Exploration had come up from nothing to A$15 a share 10 days ago, last week it released an optimistic progress report on diamond prospects worked on so far in South Africa, and promptly crashed back to around A$5. On Friday the Adelaide Stock Exchange insisted on further information if Leichardt was to avoid suspension. A lengthy statement duly appeared on Monday, though this did not stop hte shares falling further to the region of A$4. This shakeout has created nasty ripples in Hong Kong, the U.S. and London.

With the Australian market getting so overheated, the setback in world commodity values was bound to have a disproportionate effect on share prices. By yesterday, the Sydney all ordinaries index was showing a fall of nearly 130 points in 11 trading days, and at 770.62 the Index was almost a fifth below the 1980 peak touched in mid-February. Mining shares have taken the bulk of the selling, with Western Mining down to A$4, CRA at A$5 against a high of A$7.30 and Peko at A$7.30 against A$10.40.

Unless energy prices are about to fall in real terms, however, the setback may not be sustained. By international standards Australia's economy remains enviably sound with inflation running at just over 10 per cent in the current financial year, and non-farm production set to rise by over 3 per cent. In addition, the substantial inflows of foreign development capital which will be necessary over the next few years are likely to put upward pressure on which is now a very competitive trading currency.

Although the consensus is that any revaluation will be deferred at least until after the *election later this year,* a substantial burst of buying of two-year Commonwealth bonds last week was widely attributed to currency speculation by overseas investors. Although the stock market bulls now have to be more circumspect, they are by no means in full flight, and indeed there were signs of a late rally yesterday.

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